WEST FRASER TIMBER CO. LTD.

2001 Annual Report

ANNUAL INFORMATION FORM
DATED JANUARY 31, 2002

Contents

Thank you...
Your dedication and hard work paid off with another year of strong operating performance.

Financial & Operating Highlights[1]

		2001	2000
Earnings *($ millions)*			
Net Sales		**1,562**	1,505
EBITDA		**311**	367
Operating Earnings		**187**	243
Earnings		**126**	131
Cash Flow from Operating Activities		**260**	154
Common Share Data *(in dollars per share, except shares outstanding)*			
Shares Outstanding *(thousands)*			
Weighted Average		**30,356**	30,337
Year-end		**30,360**	30,345
Cash Flow from Operating Activities		**8.55**	5.07
Earnings			
Basic from Continuing Operations		**3.53**	3.99
Basic after Discontinued Operations		**3.69**	4.23
Diluted from Continuing Operations		**3.52**	3.99
Diluted after Discontinued Operations		**3.68**	4.14
Cash Dividends		**0.56**	0.56
Book Value		**39.64**	36.51
Price Range	– High	**38.45**	38.50
	– Low	**25.50**	21.00
	– Close	**38.45**	26.75
Financial Position *($ millions)*			
Working Capital		**288**	323
Total Assets		**2,353**	2,453
Long-term Debt		**360**	571
Shareholders' Equity		**1,203**	1,127
Analytical data			
Current Ratio		**1.61**	1.74
Capital Asset Additions and Acquisitions *($ millions)*		**143**	176
Net Debt to Capitalization *(%)*		**21.4**	38.4
Return on Equity *(%)*		**10.9**	12.2
Lumber			
	Production *(MMfbm)*	**2,012**	1,713
	Shipments *(MMfbm)*	**2,007**	1,637
	Sales *($ millions)*	**852**	724
	Operating Earnings *($ millions)*	**104**	102
Panels			
MDF	Production *(3/4" MMsf)*	**250**	240
	Shipments *(3/4" MMsf)*	**249**	235
PLYWOOD	Production *(3/8" MMsf)*	**248**	246
	Shipments *(3/8" MMsf)*	**252**	241
	Sales *($ millions)*	**214**	199
	Operating Earnings *($ millions)*	**39**	25
Pulp and Paper			
LINERBOARD	Production *(Mtonnes)*	**304**	318
	Shipments *(Mtonnes)*	**309**	299
KRAFT PAPER	Production *(Mtonnes)*	**102**	111
	Shipments *(Mtonnes)*	**100**	107
BCTMP	Production *(Mtonnes)*	**361**	363
	Shipments *(Mtonnes)*	**366**	361
NEWSPRINT	Production *(Mtonnes)*	**120**	123
	Shipments *(Mtonnes)*	**116**	122
	Sales *($ millions)*	**497**	582
	Operating Earnings *($ millions)*	**52**	122

(1) Prior year figures reclassified to conform to current year presentation of discontinued operations.

Your commitment makes West Fraser an industry leader.

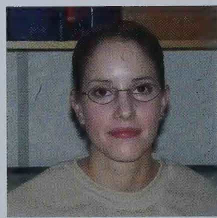
Year After Year

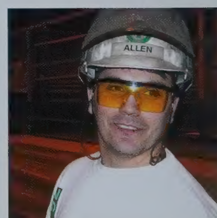
Top Row: D'Arcy Henderson, Fraser Lake Sawmill; Quesnel Fishing Derby
Middle Row: Rey Palacios, Eurocan; Lou Holland, Terrace Sawmill
Bottom Row: Dave Labby, Slave Lake Veneer; Joe Martyres, Eurocan

West Fraser donations supported more than fifty charities in nearly every one of your communities across Canada and the U.S. South.

Your spirit of goodwill enriches our communities.

Top Row: Abel Martins, Fraser Lake Sawmill; Totem Pole Raising, Kitlope Watershed; Angie Toop, Williams Lake Sawmill; Carla Fudge, Slave Lake Veneer
Bottom Row: Phil Patrick, Alberta Newsprint; Albert Kilkenny, Seehta Forest Products





Your responsibility to the environment garners respect.

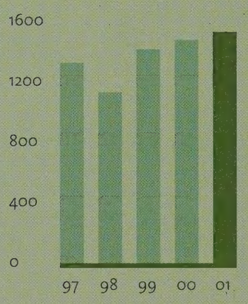
Consistently

Top Row: Bill Legrow, West Fraser Vancouver; Cheryl Griffith, Smithers Sawmill
Middle Row: Karen Blake, Fraser Lake Sawmill; Terrill Pitts, Joyce Sawmill; WestPine Rafting Trip, Quesnel
Bottom Row: Brent Kluss, Terrace Sawmill; Allen Hanson, Fraser Lake Sawmills

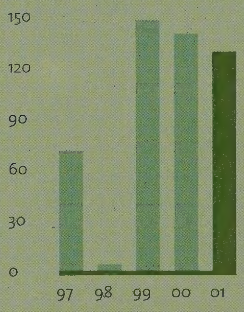
West Fraser's woodlands have been recognized with ISO 14001 environmental certification, a confirmation of your commitment to sustainable development and responsibility towards the public trust.

Financial & Operating Highlights[1]

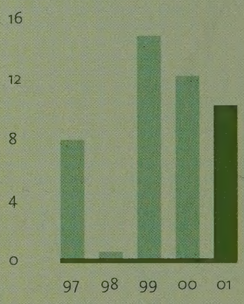
NET SALES
($ millions)



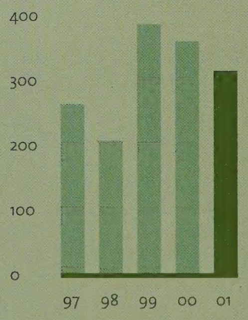
EARNINGS
($ millions)



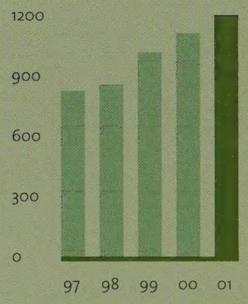
RETURN ON EQUITY
(percentage)



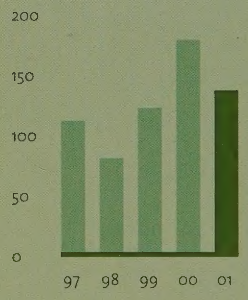
EBITDA
($ millions)



SHAREHOLDERS' EQUITY
($ millions)



CAPITAL EXPENDITURES AND ACQUISITIONS
($ millions)



(1) Prior year figures have been reclassified to conform to current year presentation of discontinued operations.

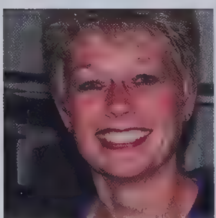
Your drive to excel is the source of our competitive edge.

Top Row: Lendy Thompson, Blue Ridge Sawmill; (L–R) John Anderson, Ray Lajoie, Tim Lubbers, Brian Heideman, Bryant Northup, Smithers Sawmill
Middle Row: Cory Cashin, Slave Lake Veneer; Connie Hucul, Fraser Lake Sawmill
Bottom Row: Martin Andres, Smithers Sawmill; Carlos Carreiro, Eurocan

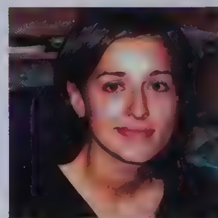
So, thank you... to the employees of West Fraser.









Top Row: Joe Furtado, Eurocan; West Fraser Picnic, Terrace Sawmill; Greg Storie, Smithers Sawmill
Middle Row: Grover Lafollette, Joyce Sawmill; Zoltan Szucs, West Fraser Vancouver
Bottom Row: Sharlene Couiyk, Blue Ridge Sawmill; Chris Stevens, Terrace Sawmill; Kathleen Fitzgerald, Fraser Lake Sawmill; Bill Monro, Terrace Sawmill; Sandra Mellace, Smithers Sawmill

Top Row: Howard Saunders, Williams Lake Sawmill; Nachhater Dhaliwal, Terrace Sawmill; Jennifer McMann, Slave Lake Veneer; Darryl Schuster, Alberta Plywood Edmonton; Andy Broadbent, Fraser Lake Sawmill
Middle Row: Linda Penner, Eurocan; Skeena Scaling Team, Terrace Sawmill; Corey Dainard, Slave Lake Veneer
Bottom Row: Greg Prince, Chetwynd Sawmill; Griff Hughes, Williams Lake Sawmill

And thank you, our shareholders, for your continued support.

It is a pleasure to report that strong operating performances by most of our 22 operating units together with divestitures of non-core assets have enabled West Fraser to end the year in a very strong financial position with a debt to total capital ratio of 21 percent.

West Fraser earned $126 million ($3.68 per share) on sales of $1,562 million. This compares to earnings of $131 million ($4.14 per share) on sales of $1,505 million in 2000. Spending on capital improvements, asset additions and acquisitions totaled $143 million.

In June, we concluded the sale of our Revy Home Centres business. Over the past thirty-five years, the employees of our building supply operations built one of the largest and strongest retail home improvement organizations in Canada. However, faced with increasing consolidation in the industry and the capital demands of this business and of our core forest products business, we decided to sell Revy. We are proud and appreciative of the great accomplishments of our former Revy employees and wish them every success in the future.

During the year, we sold our 30,000 hectares of plantation forests in Uruguay, realizing a gain of $33 million. After eight years of building a substantial forestry base in that country, we determined that the competitive environment had changed substantially and decided to refocus our efforts in North America, where we believe more immediate opportunities for profitable growth are available. We are indebted to the talented and dedicated group of foresters who had the vision and commitment to build this strong timber position.

Our financial position will further improve as we sell the Revy store properties that we retained. We are now concentrating on growing our North American forest products business.

THE LARGEST SEGMENT OF OUR FOREST PRODUCTS BUSINESS IS UMBER, IN WHICH WE HAD SALES OF $852 MILLION AND INVESTED $104 MILLION IN MODERNIZATION AND EXPANSION IN 2001.

Safety

A number of our operations achieved outstanding safety records last year. By working together with employees throughout our Company, our goal is to constantly improve safety awareness and be an industry leader in the formulation and execution of safety and health programs.

Lumber Highlights

In June, we shut down the recently acquired sawmill in Chasm, British Columbia for a total rebuild. The new mill will begin production in March 2002 with a capacity to manufacture 200

MMfbm of lumber annually when fully operational. We also closed our Williams Lake sawmill for five weeks last summer for a major rebuild. The mill started up in October and is in full production and achieving all the targets we set for it.

In October, we permanently closed our Prince Rupert sawmill, which had been operating at a loss for the past several years. It was built in 1994 to service the Japanese market, but rising log costs and the depressed state of that market have made it uneconomic.

During the year we continued to upgrade our mills in our ongoing commitment to increase productivity and reduce costs.

OUR CANADIAN SAWMILLS ACHIEVED RECORD PRODUCTION AGAIN THIS YEAR, EVEN AFTER TAKING MORE MARKET-RELATED DOWNTIME THAN EVER BEFORE – ANOTHER REMARKABLE ACCOMPLISHMENT FOR THE EMPLOYEES IN OUR LUMBER BUSINESS.

Markets

Lumber markets remained oversupplied throughout the year, even though dramatically lower interest rates supported a robust housing market. Although the decline of the Canadian dollar against the U.S. dollar improved our lumber sales returns, the continuing depreciation of European currencies opened the door for a significant increase in lumber imports into the United States from offshore.

As with lumber markets, the markets for pulp and paper were generally depressed during the year, with prices – in U.S. dollars – falling to ten-year lows. The weakening of European and Asian currencies significantly reduced our competitiveness in those markets and opened up the North American market to imports.

U.S. Trade Dispute

With this difficult pricing environment as a backdrop, the five-year Softwood Lumber Agreement between the United States and Canada expired in March 2001. U.S. lumber producers immediately filed countervailing duty and anti-dumping charges against the Canadian industry, alleging that it is subsidized through artificially low timber harvesting fees and an array of other forest policy subsidies and that Canadian producers are dumping their products into the United States below cost. The Department of Commerce and the International Trade Commission are to make their final determinations in March and May of this year in response to these allegations. In the meantime, the United States and Canada are trying to negotiate a resolution of this long-running trade dispute.

It is our belief that any competitive advantage is tied directly to Canada's significant investment in building the most modern sawmilling industry in the world. At the same time, Canadian producers have benefited – along with much of the rest of the world – from the considerable strengthening of the U.S. dollar over the past several years.

West Fraser is doing its part in helping to find an acceptable solution to this dispute. Trade sanctions that seek to protect the U.S. industry will inevitably lead not only to a weaker U.S. industry but to greatly increased competition from offshore producers and from non-wood substitutes. U.S. consumers and the U.S. economy will ultimately pay the price if their government supports unfair trade protection. It is our hope that the U.S. and Canadian governments will reach an understanding that encourages efficient production and enhances the competitiveness of the North American industry.

2001 Performance

In these increasingly competitive conditions, 2001 was the best year yet for our MDF and plywood operations. All mills operated above design capacity and with a very competitive cost structure. They have developed a strong market position for their products and we continue to strive to meet the increasingly demanding requirements of our customers. While we do not expect any major improvement in prices until the economy rebounds, we will continue to drive down our costs and improve our margins in 2002.

Our mechanical pulp mills and joint venture newsprint mill met the challenges of depressed markets with reduced costs, enhanced product quality and customer service. In the fall of 2001, Alberta Newsprint successfully completed a $20 million speed-up project that will improve productivity and quality and has further assured its position as one of North America's premier newsprint producers.

The linerboard and kraft paper mill at Kitimat still operates below capacity and has significantly eroded our overall earnings. As is true throughout West Fraser, our Kitimat employees are dedicated, hardworking and eager to contribute to our overall success. However, we will further augment the mill's management to provide the leadership and expertise to achieve an acceptable level of productivity.

Overall, we are pleased with the progress and performance of our operations this past year. Our lumber, panel, pulp and newsprint operations are among the most modern and efficient and the lowest cost in our industry, allowing us to operate profitably at the bottom of the pricing cycle. In 2002, our operations management will concentrate on improving the efficiency and cost structure of the U.S. sawmills and the Kitimat mill.

We are proud of our environmental performance in 2001 and will steadily improve it in the years ahead. By the end of January 2002 we achieved ISO 14001 certification at all woodlands operations. In addition, Quesnel River Pulp Company achieved ISO 14001 certification for its mill operations.

Looking Ahead

2002 is full of challenges for our industry. Prices for all our products are at or near historically low levels and may not improve materially this year. The softwood lumber dispute with the U.S. may not be resolved soon, and any final resolution could raise our costs or limit our access to the U.S. market. But despite these uncertainties, West Fraser is well-positioned to take advantage of the opportunities that will arise.

Our balance sheet and cash flow are strong and, most importantly, employees throughout the Company continue to show their dedication and their commitment to ensuring that West Fraser maintains its position as one of the top-performing forest products companies.

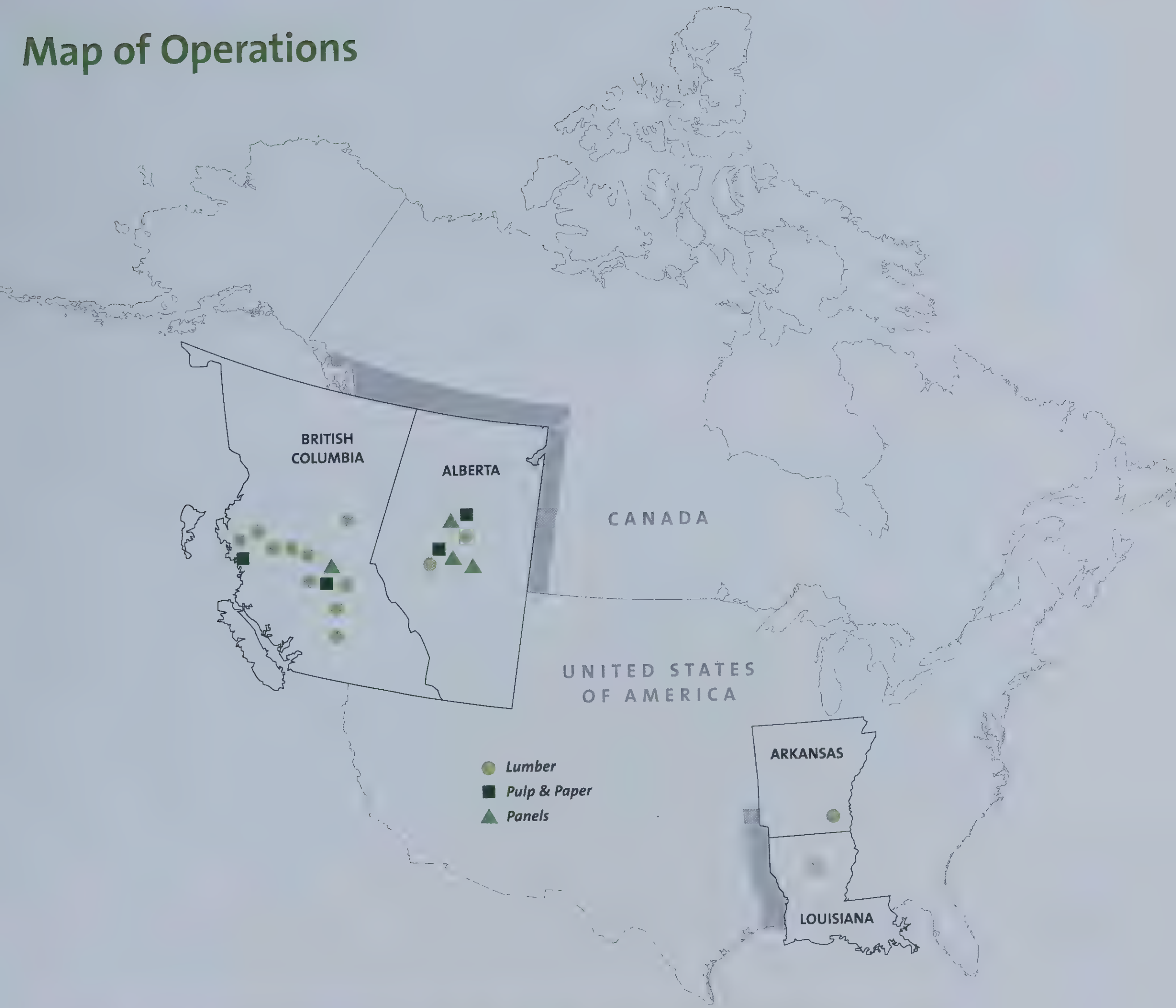
The Board thanks each West Fraser employee for their continuing support.

Finally, I extend my best wishes to Paul Daniels, Russ Clinton and Carl Grittner – three long-serving officers of our Company – each of whom retired during the year.

Henry Ketcham

Henry H. Ketcham
Chairman of the Board,
President & Chief Executive Officer

Map of Operations



West Fraser began operations in 1955 and is now an integrated forest products company producing lumber, wood chips, fibreboard, plywood, pulp, linerboard, kraft paper and newsprint. It holds extensive timber-cutting rights in British Columbia and Alberta that provide raw material for its manufacturing operations.

Annual Information Form

(1) Owned through Blue Ridge Lumber Inc., a wholly owned subsidiary.
(2) Owned through Alberta Plywood Ltd., a wholly owned subsidiary.
(3) Owned by West Fraser (South), Inc., a wholly owned subsidiary.
(4) Joint venture interest in Houston Forest Products Company.
(5) Joint venture interest in Babine Forest Products Company.
(6) Joint venture interest in Quesnel River Pulp Company.
(7) Joint venture interest in Alberta Newsprint Company owned through West Fraser Newsprint Ltd.
(8) Effective June 6, 2001 the Company sold its retail operations.

CORPORATE STRUCTURE

The above chart shows the relationship of the Company to its principal operating subsidiaries and the joint ventures in which it participates and, where less than 100%, the percentage of direct or indirect ownership by the Company.

West Fraser Mills Ltd. ("West Fraser Mills") and West Fraser Real Estate Holdings Ltd. (formerly Revelstoke Home Centres Ltd.) subsist under the laws of British Columbia. Blue Ridge Lumber Inc. and West Fraser Newsprint Ltd. are organized under the laws of Alberta. Alberta Plywood Ltd. and West Fraser Home Centres Inc. (formerly Revy Home Centres Inc.) are organized under the laws of Canada. West Fraser (South), Inc. is incorporated under the laws of Delaware. Alberta Newsprint Company ("ANC") is an unincorporated joint venture governed by the laws of Alberta. Houston Forest Products Company, Babine Forest Products Company and Quesnel River Pulp Company ("QRP") are unincorporated joint ventures governed by the laws of British Columbia.

Certain of the information presented in this Annual Information Form, and in the Annual Report of which it forms a part, may include forward-looking statements. The accuracy of such statements depends on a number of assumptions and is subject to risks and uncertainties. These include, but are not limited to, the effect of general economic conditions on demand for the Company's products, the effects of forestry, land use, environmental and other governmental regulations, trade sanctions, the risk of losses from fires and natural disasters, and the ability of the Company to execute its business plans. Accordingly, actual results, performance or achievements of the Company may differ materially from those projected.

West Fraser Timber Co. Ltd. is an integrated forest products company producing lumber, wood chips, fibreboard, plywood, pulp, linerboard, kraft paper and newsprint. The Company carries on its operations through subsidiary companies and joint ventures (collectively, "West Fraser"). Most of the forest products manufactured by West Fraser are sold outside Canada as commodities. The Company began operations in 1955 and took on its present form in 1966 by the amalgamation of a group of companies under the *Company Act* (British Columbia). Its executive office is at 1000–1100 Melville Street, Vancouver, British Columbia, V6E 4A6.

West Fraser Mills, the Company's principal operating subsidiary, owns directly or indirectly all of the Company's other subsidiaries and joint venture operations.

West Fraser holds timber-cutting rights representing 6.7 million m^3 of AAC from which harvesting operations provide raw material for its Canadian manufacturing operations, and has a long-term agreement for the supply of most of the fibre required by its sawmills in the southern United States. All of the fibre requirements of West Fraser's pulp and paper mills and panel plants can be satisfied, directly or indirectly, from its own operations. West Fraser's share of the current annual capacities of its wholly owned and joint venture manufacturing facilities is approximately 2,380 MMfbm of lumber, 240 MMsf of plywood, 240 MMsf of MDF, 450,000 tonnes of linerboard and kraft paper, 375,000 tonnes of BCTMP and 130,000 tonnes of newsprint.

HISTORY

West Fraser was founded in 1955 when three brothers, Henry H. Ketcham Jr., William P. Ketcham and Samuel K. Ketcham, acquired a small lumber planing mill at Quesnel. From 1955 to 1979 the business expanded through the acquisition of a number of sawmills and related timber rights in the interior of British Columbia and the development of a small chain of retail building supply stores.

In 1979 West Fraser formed the QRP joint venture to construct and operate a pulp mill at Quesnel.

In 1981 West Fraser acquired a 40% interest in Eurocan Pulp & Paper, which owned a linerboard and kraft paper mill at Kitimat and two sawmills and partial interests in two joint venture sawmills elsewhere in British Columbia. West Fraser increased its ownership of Eurocan to 50% in 1984 and in 1993 acquired the remaining 50%.

In 1989 West Fraser formed the ANC joint venture to construct and operate a newsprint mill at Whitecourt, Alberta.

In 1995 West Fraser acquired the Blue Ridge sawmill and the Ranger Board MDF plant, both at Blue Ridge, Alberta, and the Slave Lake Pulp mill at Slave Lake, Alberta.

The WestPine MDF plant at Quesnel began operations in 1996.

In 1999 West Fraser acquired a plywood plant in Edmonton and a stud mill and veneer plant at Slave Lake.

In 2000 West Fraser acquired two sawmills in the southern United States as well as a 50% interest in a sawmill at Red Earth, Alberta.

In 2001 West Fraser acquired a sawmill at Chasm, British Columbia and permanently closed its Prince Rupert sawmill.

Also in 2001 West Fraser sold its retail operations, retaining the underlying real estate which is currently being sold. The retail operations had been expanded in prior years by constructing traditional and full-service warehouse stores and through acquisitions.

West Fraser's sales revenues from its various product lines over the last five years were as follows:

SALES REVENUES *($ millions)*[1]

year ended December 31	**2001**	2000	1999	1998	1997
LUMBER	**$ 851.8**	$ 724.3	$ 811.4	$ 668.6	$ 811.2
PANELS	**214.0**	198.5	118.7	78.3	71.6
PULP & PAPER	**496.5**	582.0	485.6	441.5	441.0
CORPORATE AND OTHER	**–**	–	–	(13.2)	(0.9)
	$1,562.3	$ 1,504.8	$ 1,415.7	$ 1,175.2	$ 1,322.9

(1) Figures include continuing operations only.

TIMBER SUPPLY

British Columbia. About 95% of the timberland in British Columbia is owned by the province. Timber harvesting operations are regulated under the *Forest Practices Code of British Columbia Act* and under the *Forest Act* (British Columbia), which empowers the Minister of Forests to grant various forms of timber tenures, including forest licenses, TFLs and timber sale licenses.

A forest license confers the right to harvest a specified volume of timber on public lands. It usually has a term of 15 years and is replaceable every five years for a further 15-year term. The Ministry of Forests may also grant short-term, non-replaceable forest licenses. A TFL requires the licensee to manage a defined land area to yield an annual harvest on a sustained-yield basis. It has a term of 25 years and is replaceable every five years for a further 25-year term. Replacement of a forest license or TFL is subject to satisfactory performance by the licensee and to agreement between the licensee and the Ministry of Forests.

The AAC is determined by the licensee for a TFL and by the Ministry of Forests for a forest license. In all cases the AAC must be approved by the Chief Forester of the province. Generally, the volume harvested under a forest license or TFL may differ from the AAC by up to 50% on an annual basis, but the average harvest must be within 10% of the AAC over any five-year period. All tenures in which West Fraser has an interest are currently in compliance with their cut control requirements.

Under the *Forest Act* (British Columbia), AAC determinations must be reviewed at least once every five years for each of B.C.'s timber supply areas and tree farm licenses. The current round of reviews began in 1997 and is expected to be completed in 2002. At this time, the reviews for the areas in which West Fraser operates are largely complete with no material effect on West Fraser.

Alberta. Over 90% of the timberland in Alberta is owned by the province. Forest operations on public lands are regulated under the *Forest Act* (Alberta), which empowers the Minister of Environmental Protection to grant various forms of timber tenures, including FMAs, timber quotas and timber permits. An FMA gives the holder rights to establish, grow and harvest timber on a defined land area and provides that the Minister of Environmental Protection recognizes these rights as the primary use of the FMA. An FMA generally has a 20-year term with further 20-year renewal periods. Each FMA requires the holder to conduct a forest inventory and prepare a detailed forest management plan to determine the AAC and to have annual operating plans approved by the Ministry of Environmental Protection.

A timber quota gives the holder the right to harvest, during a period of 20 years, a specified percentage of the AAC for a Forest Management Unit as determined by the Minister of Environmental Protection, and is renewable. The Ministry of Environmental Protection or the holder of the FMA is responsible for completing the forest inventory, preparing the forest management plan and allocating the volume of timber to be harvested by each quota holder. A quota holder must obtain a timber license issued by the Ministry that describes the area planned for logging by the quota holder and the period during which the timber may be harvested, usually three to five years.

Location	Tenure[1]	Expiry Date	AAC[2]	2001 Harvest[2]
British Columbia	Coniferous			
	Long-term tenures	2013 – 2025	4,278	3,607
	Short-term tenures	2002 – 2008	270	176
Alberta	Coniferous			
	Long-term tenures	2006 – 2015	1,614	1,394
	Short-term tenures	2002	36	2
	Deciduous			
	Long-term tenures	2009 – 2019	517	515

(1) Long-term tenures include TFLs, FMAs, timber quotas and forest licenses, which are renewable timber tenures. Short-term tenures include timber sale licenses and timber licenses, which are not renewable.

(2) Figures for AAC and harvest are for West Fraser's interest only and are in thousands of m^3.

The volume of timber that may be harvested under a timber quota may be varied by the Minister, but generally is subject to review by the Minister every five years.

The table above summarizes the timber tenures supplying the mills that West Fraser owns or in which it has an interest, the AAC and the actual harvest in 2001.

Annual log requirements for West Fraser's Canadian sawmills and plywood plant operating at stated capacity, including the proportionate requirements for the partly owned sawmills, total approximately 7.8 million m^3, of which approximately 70% can be obtained from the tenures described in the table above. Additional log requirements are met by open-market purchases.

U.S. South. West Fraser's sawmills at Joyce, Louisiana and Huttig, Arkansas consume approximately 1.1 million m^3 of logs annually, of which approximately 65% are supplied under a long-term agreement. The balance are obtained on the open market.

WOOD CHIP SUPPLY

A significant portion of West Fraser's wood chip requirements is supplied from its own operations. This reduces its exposure to risks associated with wood chip price fluctuations and supply shortages. Fibre requirements of Eurocan Pulp & Paper, QRP and WestPine are met primarily by West Fraser's sawmilling operations in British Columbia.

Ranger Board obtains its fibre directly from the Blue Ridge sawmill and other sawmills in the area.

The Slave Lake Pulp mill consumes the equivalent of approximately 560,000 m^3 of logs per year when operating at capacity. Of this requirement, 374,000 m^3 (representing 67%) is available under the Slave Lake FMA. Additional fibre required by the mill is obtained from industrial salvage and purchases from local suppliers at prevailing market prices.

The annual fibre requirement of the ANC mill is approximately 650,000 m^3, of which 95% is obtained from local sawmills, including the Blue Ridge sawmill, more than 80% of which is in trade for sawlogs harvested from ANC's FMA. The balance is obtained from pulpwood harvested from the FMA and direct fibre purchases.

HARVESTING OPERATIONS

West Fraser's harvesting operations are carried out by independent contractors supervised by its woodlands staff to ensure compliance with the terms of the timber tenures, statutes and regulations and with West Fraser's policies.

REFORESTATION

Under the terms of the timber tenures in British Columbia and Alberta, tenure holders are required to carry out reforestation to ensure re-establishment of the forest after harvesting. The determination of the type of reforestation to be performed in a particular area is based on the climate, terrain, species and other factors affecting regeneration of the forest. Each of West Fraser's reforestation projects is planned and supervised by its forestry staff and is approved by the relevant government authority.

STUMPAGE

The provinces of British Columbia and Alberta levy stumpage on timber harvested on Crown land. Under the market-index-based stumpage systems in place in British Columbia and Alberta, the stumpage is principally tied to lumber prices.

The reference price used in calculating stumpage in British Columbia differs from that used in Alberta, as does the lag time for calculating stumpage off the reference price. As a result, Alberta stumpage rates are more market-sensitive.

CANADA-UNITED STATES SOFTWOOD DISPUTE

The Canada-United States Softwood Lumber Agreement expired on March 31, 2001. On April 2, 2001, petitions for the imposition of antidumping and countervailing duties on softwood lumber from Canada were filed with the U.S. Department of Commerce and the U.S. International Trade Commission by certain U.S. industry and trade groups. Reference should be made to page 36 of this annual report for additional information.

ABORIGINAL LAND CLAIMS

The governments of Canada and British Columbia have entered into negotiations to consider aboriginal land claims in British Columbia. This negotiation process is administered by the British Columbia Treaty Commission. Several native groups have filed notices of intention with the Treaty Commission to negotiate land claims in and around West Fraser's operating areas. It is expected that negotiations will last several years. West Fraser is not in a position to assess what future settlements, if any, may be made or how they may affect its operations. These claims may result in increased aboriginal involvement in the management of the public lands on which West Fraser conducts its harvesting operations.

Management does not expect that there will be land claim settlements affecting West Fraser's Alberta operating areas.

ENVIRONMENT

West Fraser's operations are subject to various federal, provincial and local environmental protection laws. It has programs under which all forestry and manufacturing operations are audited for compliance with applicable laws and standards, and with management practices. The Environmental Committee of the Company's Board of Directors tours West Fraser's operations on a periodic basis and reviews its environmental procedures.

ENERGY

West Fraser's energy requirements are met from a variety of sources. In British Columbia, a secure supply of electricity is provided by B.C. Hydro at regulated prices. In Alberta, where deregulation has caused energy price volatility, West Fraser has entered into arrangements to secure a long-term supply of electricity at predetermined prices. West Fraser also has purchased contracts for a portion of its natural gas requirements to secure supply and mitigate exposure to market price fluctuations. In addition, West Fraser consumes wood waste at several plant sites to generate steam and heat.

CAPITAL EXPENDITURES AND ACQUISITIONS

West Fraser invests much of its operating cash flow in upgrading and expanding its facilities and operations. West Fraser made the following capital expenditures and acquisitions during the past five years:

Capital Expenditures and Acquisitions *($ millions)*[1]

year ended December 31	**2001**	2000	1999	1998	1997
Lumber	**$ 104.3**	$ 148.6	$ 33.5	$ 43.3	$ 59.3
Panels	**8.6**	7.2	76.9	2.2	5.7
Pulp & paper	**29.0**	16.2	10.7	27.7	37.3
Other	**0.9**	4.0	2.7	5.5	10.7
	$ 142.8	$ 176.0	$ 123.8	$ 78.7	$ 113.0

(1) Figures include continuing operations only.

HUMAN RESOURCES

As at December 31, 2001, West Fraser employed approximately 4,300 individuals in its operations, including 1,000 in joint ventures. Total remuneration paid to employees in 2001, including West Fraser's share of remuneration paid by joint ventures, was $207 million.

Approximately 30% of West Fraser's employees are covered by collective agreements, which expire in 2003 and 2005.

MARKETS

West Fraser's products are sold in markets open to a number of companies with similar products. Purchasing decisions by customers are based on price, product quality and service, and are heavily influenced by general economic conditions.

The table below sets forth selected average prices for the past five years. These prices may not necessarily reflect those obtained by West Fraser.

AVERAGE TRANSACTION PRICES *(U.S. dollars – except plywood)*

year ended December 31	**2001**	2000	1999	1998	1997
2 x 4 RANDOM LENGTH SPF *(per Mfbm)*[1]	**$250**	$257	$343	$288	$354
PLYWOOD *(per Msf 3/8" basis)*[2]	**C$362**	C$371	C$442	C$366	C$379
MDF *(per Msf 3/4" basis)*[3]	**$405**	$400	$400	$380	$373
NEWSPRINT *(per tonne)*[4]	**$570**	$550	$502	$580	$555
BCTMP SOFTWOOD PULP *(per tonne)*[5]	**$414**	$583	$391	$391	$414
KRAFT PAPER *(50 lb) (per tonne)*[6]	**$720**	$745	$715	$706	$731
KRAFT LINERBOARD *(42 lb) (per tonne)*[6]	**$485**	$511	$435	$402	$375

(1) Source: Random Lengths.
(2) Source: Crow's Publications Ltd.
(3) Source: RISI and West Fraser database.
(4) Source: ANC database.
(5) Source: RISI.
(6) Source: Forecaster and West Fraser database.

RESEARCH AND DEVELOPMENT

West Fraser supports joint industry research and development organizations and conducts research and development at several plants to improve processes, maximize resource utilization and develop new products and environmental applications.

OPERATIONS

Lumber

Production. West Fraser produces lumber and by-product wood chips from 14 sawmills, and has a plant at Quesnel producing finger-jointed studs out of trim blocks.

West Fraser's Share of Lumber Capacity and Production *(MMfbm)*

	Ownership	2001	2000	1999	1998	1997
Capacity[1]		**2,380**	2,060	1,730	1,620	1,600
Production:						
Quesnel	100%	**310**	304	293	274	276
Quesnel Finger-joint	100%	**14**	19	25	21	23
Williams Lake	100%	**153**	163	153	148	141
Smithers	100%	**204**	171	192	166	165
Chetwynd	100%	**205**	206	204	190	187
Fraser Lake	100%	**238**	244	230	217	222
Terrace[2]	100%	**76**	79	77	59	114
Chasm[3]	100%	**19**	–	–	–	–
Blue Ridge	100%	**233**	255	243	223	205
Slave Lake	100%	**28**	31	6	–	–
Huttig[3]	100%	**94**	3	–	–	–
Joyce[3]	100%	**182**	4	–	–	–
Houston	50%	**131**	130	129	119	122
Burns Lake	32%	**91**	88	80	84	83
Red Earth[3]	50%	**29**	4	–	–	–
Prince Rupert[4]	100%	**5**	12	6	12	6
Total Production		**2,012**	1,713	1,638	1,513	1,544

(1) Capacity includes future capacity of Chasm after mill rebuild expected to be completed in March 2002 and excludes Prince Rupert for the current year.
(2) Operating on a one-shift basis.
(3) Chasm was acquired April 2001; Huttig and Joyce were acquired December 2000; Red Earth was acquired November 2000.
(4) The mill was permanently shut down in 2001.

Sales. Lumber produced by wholly owned sawmills is sold by West Fraser's lumber sales department to retail and wholesale customers and lumber brokers. Lumber output from the joint venture sawmills at Houston and Burns Lake is marketed by Weldwood of Canada Limited, mainly in North America. In 2001, 67% by value of lumber sales were to customers in the United States and 28% to Canadian customers, who resold a significant portion into the United States. Far East and other customers accounted for the remaining 5%.

Most of the sales to North American customers are shipped by rail. The remainder are shipped by truck directly to the customer or through reload facilities. Offshore sales are shipped through West Fraser's deep-sea terminal at Kitimat or through public terminals in Vancouver and Prince Rupert.

Panels

Production. West Fraser produces MDF from two plants, each having the flexibility to produce MDF in varying thicknesses and sizes. The plywood plant was acquired in November 1999 together with a veneer plant which is the primary source of its raw material.

Sales. MDF is marketed under the names "Ranger™" and "WestPine™", while plywood is marketed under "Zed ply™". Panel sales are mainly in North America, with the balance exported to markets in the Far East, through direct sales and distributors under the direction of West Fraser's sales personnel.

Panels capacity and production *(MMsf)*

MDF: *(3/4" basis)*	2001	2000	1999	1998	1997
Capacity	**240**	240	240	210	210
Production:					
Ranger Board	**136**	135	127	113	99
WestPine	**114**	105	88	68	62
Total Production	**250**	240	215	181	161
PLYWOOD: *(3/8" basis)*					
Capacity	**240**	240	240	–	–
Production	**248**	246	37	–	–

Pulp & Paper

Linerboard and Kraft Paper

Production. The Kitimat mill produces linerboard and kraft paper. Linerboard is sold worldwide to producers of corrugated shipping containers. Kraft paper is sold worldwide to a variety of paper converters whose product lines include a range of multiwall industrial sacks.

Sales. All sales are made by West Fraser's sales department. Overseas sales are arranged principally through an agency agreement with Stora Enso Oyj which provides West Fraser access to a worldwide sales office network. In 2001, approximately 16% of the production was sold to European customers, 26% to Asian customers, 31% to North American customers and the balance to customers in other countries.

Linerboard and Kraft Paper Capacity and Production *(tonnes)*

	2001	2000	1999	1998	1997
Capacity	**450,000**	450,000	450,000	450,000	450,000
Production:					
Linerboard	**304,309**	318,454	330,846	311,438	309,591
Kraft paper	**102,271**	110,719	102,756	104,022	101,507
Total Production	**406,580**	429,173	433,602	415,460	411,098

Pulp

Production. West Fraser produces BCTMP primarily from aspen at the Slave Lake Pulp mill and from softwood at the QRP mill. BCTMP is used by paper manufacturers to produce printing and writing papers, toweling products and a variety of other paper grades.

Sales. West Fraser's sales department markets pulp produced by Slave Lake Pulp and its share of pulp produced by QRP. In 2001, 40% was sold to customers in the Far East, 16% to customers in Europe, 42% to customers in the United States and the remainder to customers in Canada and elsewhere.

West Fraser's Share of Pulp Capacity and Production *(tonnes)*

	2001	2000	1999	1998	1997
Capacity	**375,000**	375,000	350,000	325,000	300,000
Production:					
QRP	**175,829**	167,556	166,586	152,193	159,488
Slave Lake Pulp	**184,802**	195,754	170,804	135,827	140,084
Total Production	**360,631**	363,310	337,390	288,020	299,572

Newsprint

Production. The ANC mill produces mostly standard newsprint and a small quantity of rotogravure paper.

Sales. The output is sold by a partnership owned indirectly by the owners of ANC. In 2001, 79% was sold to customers in the United States and 21% to customers in Canada.

West Fraser's Share of Newsprint Capacity and Production *(tonnes)*

	2001	2000	1999	1998	1997
Capacity	**130,000**	125,000	125,000	125,000	125,000
Production	**119,621**	123,454	124,351	122,957	124,614

SITE OWNERSHIP

West Fraser's wholly owned wood products and pulp and paper mills are on land owned by West Fraser except for the sawmills at Chetwynd, Williams Lake and Chasm, which are on land held under long-term leases. The joint venture sawmills at Houston and Burns Lake are on land held under long-term leases. The QRP mill and the ANC mill are each on land owned equally by West Fraser and its respective joint venture partner. West Fraser also holds title to a number of retail locations under long-term leases to a third party, as well as other sites held for sale.

SHARE CAPITAL AND MARKETS FOR SECURITIES

The authorized share capital of the Company consists of 230,000,000 shares divided into:

(a) 200,000,000 Common shares
(b) 20,000,000 Class B Common shares, and
(c) 10,000,000 Preferred shares, issuable in series.

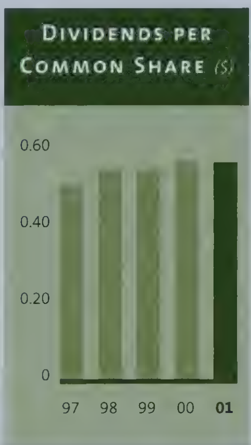
The Common shares and Class B Common shares are equal in all respects, including the right to dividends, except that each Class B Common share may at any time be exchanged for one Common share. The Common shares are listed and traded on the Toronto Stock Exchange under the symbol WFT.

As at December 31, 2001 the issued share capital consisted of 24,531,020 Common shares and 5,829,068 Class B Common shares.

DIVIDENDS

The declaration and payment of dividends is within the discretion of the Board of Directors of the Company. It has been the practice of the Company to declare dividends on a quarterly basis payable after the end of each quarter.

In 2001 the Company declared dividends of $0.56 per Common share and Class B Common share.



SHAREHOLDINGS OF DIRECTORS AND SENIOR OFFICERS

As at December 31, 2001, the directors and senior officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 4,637,230 Common shares and 2,354,456 Class B Common shares, being 18.9% of the outstanding Common shares, 40.4% of the outstanding Class B Common shares and 23% of the outstanding voting securities of the Company.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The sections of this Annual Report entitled "Six-Year Review" and "Five-Year Review", which are incorporated herein by reference, contain selected consolidated financial information for the last six years and five years respectively.

ADDITIONAL INFORMATION

When securities of the Company are in the course of distribution pursuant to a short form prospectus, or a preliminary short form prospectus has been filed in respect of a distribution of its securities, the Company will, upon request, provide to any person:

(a) one copy of this Annual Information Form, together with one copy of any document, or of the pertinent pages of any document, incorporated by reference in this Annual Information Form;

(b) one copy of the comparative financial statements of the Company for the year ended December 31, 2001, together with the accompanying auditors' report, and one copy of each interim financial statement of the Company prepared after December 31, 2001;

(c) one copy of the Information Circular for the annual general meeting of the Company to be held on April 23, 2002; and

(d) one copy of any other document that is incorporated by reference in the short form prospectus or the preliminary short form prospectus and is not described above.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase its securities, is contained in the Information Circular. Additional financial information is provided in the Company's comparative financial statements for the year ended December 31, 2001.

Copies of this Annual Information Form and the documents incorporated by reference therein, the comparative financial statements of the Company (including the audit report) for the year ended December 31, 2001, each interim financial statement prepared after December 31, 2001, the Information Circular and this Annual Report may be obtained at any time upon request from the Company at 1000–1100 Melville Street, Vancouver, British Columbia, V6E 4A6, or at www.westfraser.com.

DIRECTORS

The name and municipality of residence of each of the directors of the Company, their principal occupations during the past five years and the periods during which they have been directors of the Company, are as follows:

Name and Municipality of Residence	Principal Occupation	Director Since
Henry H. Ketcham Vancouver, British Columbia	Chairman of the Board, President and Chief Executive Officer	September 16, 1985
Clark S. Binkley [3] Cambridge, Massachusetts	Senior Vice-President Hancock Natural Resource Group Inc. (timberland investment)	February 13, 1992
J. Duncan Gibson [1&2] Toronto, Ontario	Investor	April 29, 1997
Janet W. Ketcham [1&3] Seattle, Washington	Investor	November 21, 1977
William P. Ketcham [1] Seattle, Washington	President, Henry H. Ketcham Lumber Co., Inc. (private investment)	December 1, 1966
C. Calvert Knudsen [1] Seattle, Washington	Retired Chairman and Chief Executive Officer, MacMillan Bloedel Ltd. (forest products)	June 12, 1980
Harald H. Ludwig [2] West Vancouver, British Columbia	President, Macluan Capital Corporation (diversified manufacturing)	May 2, 1995
Brian F. MacNeill [1&3] Calgary, Alberta	Chairman, Petro-Canada Inc. (energy, exploration, development, refining and marketing)	September 19, 2000
F. David Radler [2] Vancouver, British Columbia	President and Chief Operating Officer, Hollinger Inc. (newspaper publishing and printing)	December 10, 1991

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Environmental Committee

Each director has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years except for Clark S. Binkley who before August 1, 1999 was Senior Vice-President, Investment Strategy and Research, Hancock Natural Resource Group Inc. and before July 31, 1998 was Dean, Faculty of Forestry, University of British Columbia; J. Duncan Gibson who before November 1, 2001 was Vice-Chairman, Commercial Banking Division, The Toronto-Dominion Bank and held various other positions with The Toronto-Dominion Bank and Brian F. MacNeill who before January 1, 2001 was President and Chief Executive Officer, Enbridge Inc. The term of office of each director will expire at the conclusion of the Company's next annual general meeting.

OFFICERS

The name and municipality of residence of each of the officers of the Company, the office held by each and the principal occupation of each are as follows:

Name and Municipality of Residence	Office Held/Principal Occupation
Henry H. Ketcham, Vancouver, British Columbia	Chairman, President, Chief Executive Officer
D. Wayne Clogg, Quesnel, British Columbia	Vice-President, Woodlands
William H. LeGrow, Coquitlam, British Columbia	Vice-President, Transportation and Energy
Gerald J. Miller, Tsawwassen, British Columbia	Group Vice-President, Pulp & Paper and Vice-President, Administration
Lon M. Schroeder, Kitimat, British Columbia	Vice-President, Kitimat Operations
Edward R. Seraphim, North Vancouver, British Columbia	Vice-President, Pulp & Paper Sales
Martti Solin, West Vancouver, British Columbia	Vice-President, Finance and Chief Financial Officer
Zoltan F. Szucs, Coquitlam, British Columbia	Vice-President, Panelboards
Ernest M. Thony, Quesnel, British Columbia	Vice-President, Lumber Sales
Gary W. Townsend, Quesnel, British Columbia	Group Vice-President, Lumber Operations
Larry S. Hughes, Vancouver, British Columbia	Secretary Partner, Lang Michener (lawyers)

Each officer has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years except for William H. LeGrow, who was Manager, Transportation; Gerald J. Miller, who was Vice-President, Pulp and Administration, and Controller; Lon M. Schroeder, who held various positions with the Kitimat operations; Edward R. Seraphim who was Managing Director of Pulp & Paper Sales and previously was General Manager, Pulp and Containerboard Sales, Fletcher Challenge Canada Ltd.; and Gary W. Townsend, who was Vice-President, Lumber Operations.

Management's Discussion & Analysis

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED IN THIS ANNUAL REPORT.

LUMBER

Several of West Fraser's lumber operations established production records again in 2001, in spite of downtime taken to control inventory levels. The Chasm sawmill rebuild began in the summer, and the Williams Lake sawmill was upgraded in the third quarter. The Canada-U.S. lumber trade dispute was a dominant issue during the year and caused significant disruption.

Operating earnings for the year were $104 million (2000–$102 million) on sales of $852 million (2000–$724 million). EBITDA was $153 million, representing a margin of 18% of total sales (2000–$151 million and 21%).

The 2001 earnings are net of a pre-tax provision of approximately $25 million for countervailing and antidumping duties that might be collected by the U.S. government on lumber sold into the United States from West Fraser's Canadian mills, which represented approximately 67% of shipments. Prices for lumber sold in Canada reflected a discount approximating the potential duties.

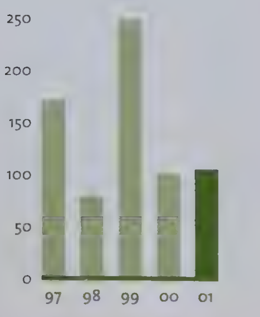
West Fraser's two sawmills in the southern United States reported losses in their first full year of operation. Severely depressed prices for southern yellow pine, the lowest in nine years, and lower than expected production efficiencies due to ongoing capital projects were the primary contributors to poor results.

Four of West Fraser's sawmills reached new production levels and four achieved records in lumber recovery. Manufacturing costs other than wood costs continued to decrease, a trend that has been maintained for six years in spite of the rising costs for wages and operating supplies. Total production was 2,012 MMfbm (2000–1,713 MMfbm) and shipments were 2,007 MMfbm (2000–1,637 MMfbm).

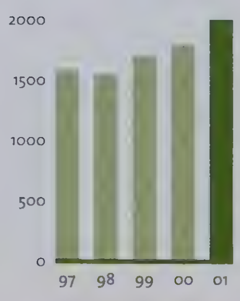
A pine beetle infestation in the British Columbia central interior continues to spread in epidemic proportions. It is expected that the volume of timber affected could reach 70 million m³ in 2002. The volume of infested logs that must be harvested is beyond the ability of the surrounding sawmills to process in a single year and there must also be taken into account the sales constraints caused by the current lumber trade dispute. However, government and industry are working closely

Lumber

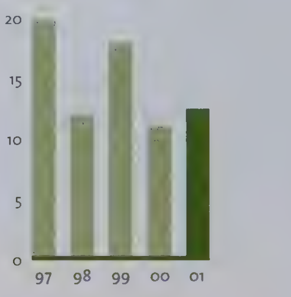
OPERATING EARNINGS
($ millions)



PRODUCTION
(MMfbm)



SAFETY
(injuries per million hours worked)



together to deal with this issue to maximize harvest in infested stands.

In 2001, West Fraser completed its review of the long-term viability of the custom-cut sawmill in Prince Rupert and determined that the mill's reliance on Asian markets and the limited availability of suitable high-grade logs in the region made closure necessary. The mill was permanently closed down in October 2001.

Continuing its successful history of technological investment in operations throughout the economic cycle, West Fraser invested approximately $74 million on capital projects in 2001.

The main project was the total rebuild of the Chasm sawmill, which was acquired in April. The mill was shut down in early June and totally dismantled. On completion of this capital project, costing $46 million, the mill will produce approximately 200 MMfbm of dimension lumber per year. It previously had a capacity of 170 MMfbm of stud lumber. Production is expected to begin in March 2002.

Another significant capital project was carried out at the Williams Lake sawmill where the canter and log infeed processes were modernized at a cost of $13 million.

While the main capital projects at the Huttig and Joyce mills in the U.S. were deferred due to permitting delays, several other improvement projects were carried out at these mills at a combined cost of approximately $18 million. Once all these projects are completed and the mills are fully operational, each should match West Fraser's other high-efficiency sawmills by utilizing the most technologically advanced lumber processing equipment available.

Smaller projects were completed throughout the lumber operations – most with paybacks of less than two years.

A slowing economy in 2001 and uncertainties created by the trade dispute led to soft lumber markets. This, and the exposure to trade penalties, forced West Fraser to curtail production in its Canadian mills for 20 days, the longest ever in its history.

The benchmark Western SPF 2x4 lumber prices began the year at US$186 per Mfbm, the low point for the year, and rose to a high of US$376 in the second quarter. (2000–US$180 and US$344 respectively). The average for the year was US$250 compared to US$257 in 2000. Southern yellow pine prices were similarly volatile throughout the year.

In 2001, eight of West Fraser's nine woodlands operations were certified for ISO 14001, the international standard for environmental management systems. The ISO standard ensures that there is rigorous, independent proof that a company's management system carefully considers the environmental impact of its activities, takes measures to minimize or eliminate that impact and strives to make continual improvement in its performance. West Fraser's remaining uncertified woodlands operation at Chasm was certified in January 2002.

The lumber trade dispute and yet undefined forest policy changes being considered for British Columbia create uncertainty for the lumber business. However, the overall demand for lumber is expected to continue at reasonable levels in 2002. West Fraser's proven ability to produce lumber efficiently and at low cost should allow its lumber operations to remain profitable.

PANELS

In 2001 West Fraser's panelboard operations established new records in production, sales and operating earnings.

Operating earnings were $39 million (2000–$25 million) on sales of $214 million (2000–$199 million). EBITDA was $62 million, representing a margin of 29% of sales (2000–$48 million and 24%).

MDF

Through continual process improvements and the efforts of highly focused operating personnel, production at each of the two MDF plants significantly exceeded the plant's original capacity.

Ranger Board's production in 2001 was 136 MMsf (2000–135 MMsf) while shipments were 137 MMsf (2000–132 MMsf). Other than a five-day maintenance shutdown to improve fire protection and plant safety, Ranger Board operated on a full production schedule. High natural gas prices during the early part of the year were more than offset by process improvements and energy optimization, resulting in an overall 5% reduction in unit manufacturing costs from the previous year.

WestPine's production was 114 MMsf (2000–105 MMsf) and its shipments were 112 MMsf (2000–103 MMsf). The development of specialty grades and increased sales of thin-board contributed to a turnaround in profitability. Production enhancements allowed the plant to run at full operating efficiency. With the exception of resin, all elements of cost per unit of production decreased in 2001.

Sales records were also established for mouldings, which are custom-manufactured from off-cuts of regular production and are used as decorative products for the North American market.

While markets for MDF slowed in the third quarter due to reduced consumer spending, it is anticipated that demand will return during the latter half of 2002. However, the anticipated continued strong sales of WestPine's thin-board as well as operational improvements should ensure that this business remains profitable.

Plywood

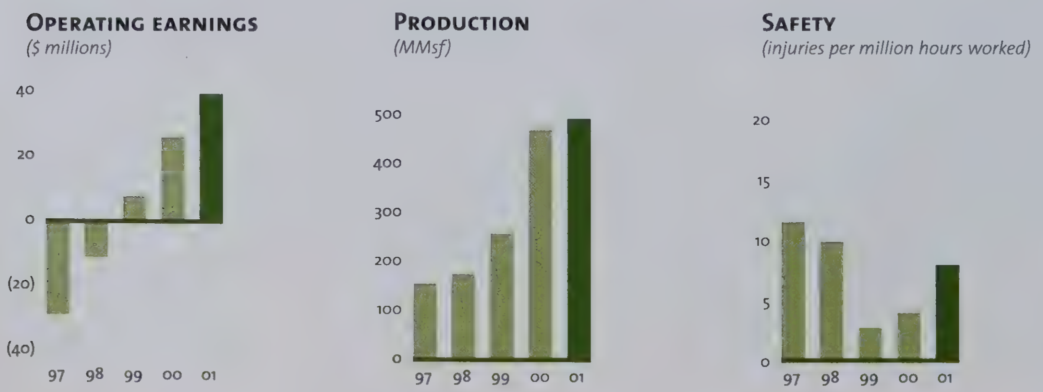
Plywood production in 2001 was 248 MMsf (2000–246 MMsf) and shipments were 252 MMsf (2000–241 MMsf).

Capital improvements and a continued emphasis on process efficiencies allowed the veneer plant at Slave Lake and the plywood plant at Edmonton to achieve records in recovery and productivity. The increase at Slave Lake has made external veneer purchases unnecessary.

A benchmarking study in 2000 again established the Alberta Plywood operation as the lowest-cost producer of softwood plywood in Canada.

Plywood prices in 2001 declined as a result of excess panel capacity in Canada and increasing competition from North American Oriented Strand

Panels



Board. Some price recovery began late in the year as inventories in the supply chain came into line. Prices are expected to soften with the additional panel capacity that will come on line in 2002.

Alberta Plywood's output, which constitutes about 12% of Canadian softwood plywood production, is sold primarily to wholesale distributors in Canada, but it continues to expand its markets in the U.S. Midwest.

PULP AND PAPER

Total production of BCTMP, linerboard, kraft paper and newsprint amounted to 886,832 tonnes, a 3% decrease from the record annual production of 915,937 tonnes established in 2000. Shipments totaled 890,298 tonnes, almost the same as 2000's total of 889,033 tonnes. The decrease in production was primarily attributable to power-related curtailments at the Alberta operations, Alberta Newsprint's upgrade project and the production shortfall at the Kitimat mill.

Operating earnings were $52 million (2000–$122 million) on sales of $497 million (2000–$582 million). EBITDA was $104 million, representing a margin of 21% of sales (2000–$174 million and 30%). The decrease in earnings resulted from the significant decline in product prices as well as from lower overall production.

Pulp

BCTMP production was 360,631 tonnes (2000–363,310 tonnes), about half hardwood and half softwood. The decline in production occurred mostly in the first half of the year when Slave Lake Pulp curtailed production to avoid consuming high-priced electricity. This was partly offset by a record production of 175,829 tonnes at QRP.

In late 2000 and early 2001 pulp prices fell dramatically from the peak reached in 2000, due to high levels of supply in a slowing economic environment. List prices for NBSK declined from a high of US$710 per tonne in 2000 to a low of US$480 per tonne in 2001. Spot prices in several markets were lower. BCTMP pricing behaved similarly. Prices rebounded modestly in the latter part of the year as producers constrained supply. However, these production curtailments were matched by reduced demand from paper producers, leading to lower prices through the balance of the year. In spite of the weak demand and low prices, West Fraser's BCTMP sales exceeded production and the low cost structure allowed pulp operations to remain profitable.

With the existing idle capacity in the industry and soft demand in the paper markets, it is expected that prices will remain low though most of 2002, with some improvement near the end of the year.

The QRP operation benefited from lower fibre costs, which reflect the selling price of NBSK. Hardwood fibre costs at Slave Lake Pulp were largely unchanged. In 2001 approximately $4 million was spent ($2 million in 2000) in the two pulp mills on various improvement projects.

Linerboard and Kraft Paper

Total production of the Kitimat mill was 406,580 tonnes (2000–429,173 tonnes), of which 304,309 tonnes was linerboard (2000–318,454 tonnes) and 102,271 tonnes was kraft paper (2000–110,719 tonnes). The decline in annual production was due mostly to unsatisfactory mill operating rates and to downtime incurred in replacing equipment.

Linerboard shipments were 308,658 tonnes in 2001 (2000–298,780 tonnes) and kraft paper shipments were 99,841 tonnes (2000–107,091 tonnes). Linerboard mill net realizations were about 12% lower in 2001 than in 2000 and would have been even lower but for the weakening of the Canadian dollar. Kraft paper mill nets were slightly up for the year.

In 2001 approximately 30% (2000–15%) of the linerboard was sold in North America. The increased emphasis on the North American market provided some respite from the even greater price declines experienced in Europe and Asia.

It is expected that for the next twelve months linerboard and kraft paper prices will remain at the levels experienced in the latter half of 2001.

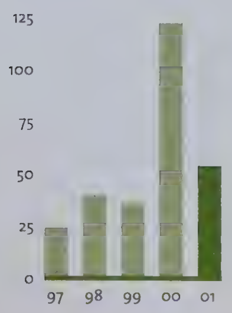
The Kitimat mill underwent significant staffing changes in 2001. The mill management has also undertaken a fundamental review of the operation, which has identified a number of operating issues that need to be addressed to make the mill a viable entity in the highly competitive worldwide packaging business.

As fibre costs for the Kitimat mill are largely dictated by the price for kraft pulp, there was an approximately 16% reduction in these costs compared to 2000. However, this was not sufficient to offset the effects of lower production as well as increases in other costs such as for natural gas.

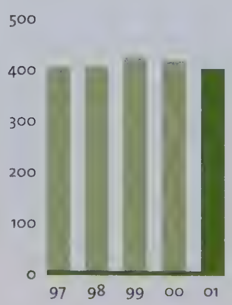
Approximately $15 million was spent in 2001 ($12 million in 2000) on various capital improvement and replacement projects.

Pulp and Paper

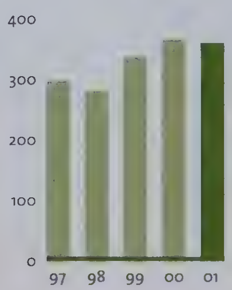
Operating earnings
($ millions)



Linerboard and Kraft Paper Production
(thousands of tonnes)



BCTMP Production
(thousands of tonnes)



Newsprint

Newsprint prices fell in the second half of the year in response to a slowing economy and a resulting decline in consumption in North America. The average price in 2001 was approximately US$20 per tonne higher than in the previous year, although prices at the end of the year were lower by about US$100 per tonne from the end of 2000.

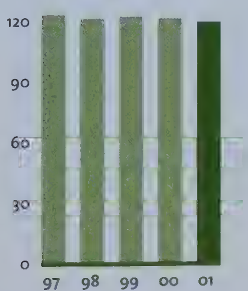
West Fraser's 50% share of production at Alberta Newsprint was 119,621 tonnes (2000 – 123,454 tonnes). The decline was due mostly to two weeks of downtime for a paper machine upgrade undertaken in mid-year to increase capacity and improve product quality. The expected improvements have already been realized and will allow Alberta Newsprint to further enhance its established position as the high quality, low cost newsprint producer in North America. The mill's strict quality and customer service standards were recognized again in 2001 as it was named *"Supplier of the Year"* by Gannett Co. Inc.

It is not expected that newsprint demand and supply will come into a balance before the end of 2002. Such a balance is necessary for any meaningful price increase.

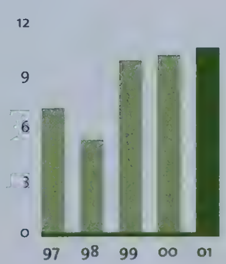
The ANC operation was able to minimize the consequences of fluctuating energy prices in Alberta by shifting pulp production to periods when electricity costs are lower. In addition, ANC is able to take advantage of higher electricity prices by reselling electricity that it acquires under its power purchase arrangements.

West Fraser's share of Alberta Newsprint's capital expenditures in 2001 was $10 million ($3 million in 2000), most being for the paper machine upgrade.

Newsprint Production
(thousands of tonnes)



Safety
(injuries per million hours worked)



EARNINGS AND REVENUE COMPARISON

During 2001, substantially all of West Fraser's home improvement operations were sold and they are now classified for accounting purposes as discontinued operations. The 2000 financial statements have been restated accordingly.

Total net sales for the year were $1,562 million (2000–$1,505 million).

Net Sales by Product *(change from 2000)*		
Lumber	Increase	18%
Panels	Increase	8%
Pulp & Paper	Decrease	15%

EBITDA for the year was $311 million (2000–$367 million).

EBITDA by Product *(change from 2000)*		
Lumber	Increase	1%
Panels	Increase	30%
Pulp & Paper	Decrease	40%

The increase in net sales of lumber was attributable to the expansion of lumber operations into the southern United States. This was partially offset by lower lumber prices, which included the effects of duties accrued, resulting in only modest overall EBITDA improvement.

Plywood net sales increased as a result of incremental improvements in quality and production. Increased production of higher-quality panel product resulted in significant improvements in EBITDA.

The decline in pulp and paper net sales and EBITDA is attributable to continued weakening of prices, as shipments remained similar to 2000 levels.

The increase in financing expense to $48.6 million in 2001 from $35.2 million in 2000 was due in part to a $6.4 million increase in amortization of deferred foreign exchange loss. In addition, a greater proportion of this expense was allocated to discontinued operations for 2000 ($19.6 million) than in 2001 ($10.1 million) since there was only a partial year of operations in 2001.

No material writedowns of capital assets were required in 2001. The writedown of capital assets in 2000 of $19.8 million related to the Prince Rupert sawmill, which was shut down in 2001.

Selected consolidated financial information for the last eight quarters is as follows:

Selected Quarterly Information *($ millions, except earnings per share (EPS) amounts)*

	2001				2000			
	Dec 31	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
Net sales from continuing operations	$ 363.7	$ 407.4	$ 416.1	$ 375.1	$ 367.8	$ 340.8	$ 402.3	$ 393.9
Earnings from continuing operations	$ 3.2	$ 46.0	$ 41.8	$ 17.9	$ 19.3	$ 20.1	$ 36.6	$ 45.9
Earnings after discontinued operations	$ 9.3	$ 46.0	$ 55.0	$ 16.2	$ 22.4	$ 24.3	$ 42.8	$ 42.0
Basic EPS from continuing operations	$ 0.09	$ 1.50	$ 1.36	$ 0.58	$ 0.62	$ 0.65	$ 1.21	$ 1.52
Basic EPS after discontinued operations	$ 0.29	$ 1.50	$ 1.40	$ 0.50	$ 0.70	$ 0.77	$ 1.39	$ 1.37
Diluted EPS from continuing operations	$ 0.09	$ 1.50	$ 1.36	$ 0.58	$ 0.62	$ 0.65	$ 1.21	$ 1.52
Diluted EPS after discontinued operations	$ 0.29	$ 1.50	$ 1.40	$ 0.50	$ 0.69	$ 0.76	$ 1.37	$ 1.34

The other income of $4.7 million (2000–$6.3 million) related to a variety of items including capital asset sales and gains arising from foreign exchange translations.

The earnings from discontinued operations of $17.6 million were comprised of a gain of $33.3 million on the sale of timber plantations offset by the estimated loss from selling the home improvement operations and related real estate. The 2000 earnings from discontinued operations of $9.6 million results from the home improvement operations which have been reclassified from continuing operations. Additional information is in note 3 of the Company's audited financial statements.

Total taxes and tax-like levies and charges were as follows:

Payments to Government (\$ millions)	2001	2000
Income tax	$ 63.4	$ 70.5
Corporation Capital Tax	1.1	3.0
Provincial Capital Tax	2.1	3.4
Canada Pension Plan	5.5	4.2
Employment Insurance	4.2	3.7
Property Tax	14.0	12.7
Social Service Tax	12.3	11.7
Stumpage & Royalties	77.4	111.0
Workers' Compensation	4.1	5.6
Total	$184.1	$225.8

With the exception of income tax, most of these payments do not vary directly with profitability.

The 2001 provision for income taxes of $34.5 million was 24% of earnings before income taxes (2000–$72.6 million or 37%). The difference in effective tax rates is primarily attributable to the revaluation of future income taxes to give effect to a reduction in British Columbia corporate tax rates.

Diluted earnings per share from continuing operations was $3.52 in 2001 (2000–$3.99) and diluted earnings per share including discontinued operations was $3.68 in 2001 (2000–$4.14).

CAPITAL STRUCTURE

The number of common shares outstanding increased to 30,360,088 at December 31, 2001 (2000–30,344,572).

All of West Fraser's debt, other than current borrowings for ANC, is unsecured and rank equally in right of payment. On December 31, 2001, the ratio of West Fraser's total debt, less cash, to total capitalization was 0.21 (2000–0.38). The lower ratio is due mainly to cash provided from discontinued operations of $305 million.

West Fraser's fixed-interest term debt is rated as investment grade by leading rating agencies. In January 2001 Standard & Poor's upgraded its credit rating on West Fraser debt to BBB from BBB-. In August 2001, Moody's similarly increased its rating on West Fraser to BAA2 from BAA3. Current ratings are as follows:

Agency	Rating
Dominion Bond Rating Service	BBB
Moody's	BAA2
Standard & Poor's	BBB

ACQUISITIONS AND DISPOSITIONS

In April 2001 the Company acquired from Ainsworth Lumber Co. Ltd. a sawmill in British Columbia, associated timber rights and working capital for $29.9 million cash and the assumption of long-term silviculture liabilities estimated at $11.4 million. The sawmill had a capacity of 170 MMfbm per year of stud lumber and is being rebuilt by West Fraser at an estimated cost of $46 million to produce 200 MMfbm of dimension lumber per year. The rebuilt mill is expected to begin production in March 2002.

In June 2001, West Fraser sold its timber plantations located in Uruguay to a group consisting of Weyerhäeuser Company and other investors for $72.2 million. The plantations comprised approximately 30,000 hectares planted in pine and eucalyptus. The decision to sell the plantations was driven by changes in the economics of growing timber in the area and the requirement of substantial additional investments to achieve the necessary scale.

In July 2001 West Fraser sold all but five of its home improvement stores to Rona Inc. for $185 million. The five store operations retained have since been sold or closed. The sale to Rona did not include any of the real estate occupied by the stores sold, which was instead made the subject of long-term leases. Some of this real estate has been sold and a substantial portion is currently being marketed for sale. Sale proceeds from these unsold properties are estimated to amount to approximately $160 million.

In 2000 West Fraser purchased two sawmills in the southern United States for $111.9 million.

CHANGE IN ACCOUNTING POLICY

Effective January 1, 2002, the Company changed its method of accounting for foreign exchange gains and losses on long-term debt, as recommended by the Canadian Institute of Chartered Accountants. Before 2002, the gain or loss on translation of long-term debt denominated in foreign currency was deferred and amortized over the life of the debt. Under the new method, the entire gain or loss must be recognized in the current period. The change, which must be applied retroactively, will result in a reduction of opening retained earnings in 2002 of $33.0 million (2001–$21.4 million).

CAPITAL REQUIREMENTS AND LIQUIDITY

West Fraser's annual cash requirements, other than for operating purposes, include interest, repayment of debt, capital asset additions, acquisitions and payment of dividends. In years without a major acquisition, cash provided by operations has been sufficient to meet these requirements.

In 2001, capital asset additions, together with acquisitions, amounted to $143 million (2000–$176 million). Proceeds from capital asset disposals other than discontinued operations were $2 million (2000–$2 million).

West Fraser's scheduled repayment of long-term debt in 2002 is $238.9 million.

On December 31, 2001, West Fraser had unused credit facilities of approximately $385 million and short-term cash investments of $270 million. West Fraser intends to meet all of its cash requirements in 2002 for planned capital additions, debt repayments, interest and dividends with funds generated from operations and from cash on hand.

Capital Asset Additions & Acquisitions *($ millions)*

	2001	2000
Lumber	**$104.3**	$148.6
Panels	**8.6**	7.2
Pulp & Paper	**29.0**	16.2
Corporate & Other	**0.9**	4.0
Total	**$142.8**	$176.0

RISK AND UNCERTAINTIES

Foreign Exchange

Most of West Fraser's net sales are to customers at prices which, although denominated in a variety of currencies, are generally based on prevailing U.S. dollar prices. This results in significant sensitivity to changes in the U.S.-Canadian dollar exchange rate.

Payment for export sales may occur in the local currency of the purchaser, with exchange rate fluctuations between the time of purchase and payment, which may be up to 120 days, resulting in additional exchange rate sensitivity to a broader range of major foreign currencies. There were no obligations under forward-exchange contracts outstanding at year-end.

During 2001 the U.S. dollar traded between Cdn$1.61 and Cdn$1.49 with an average of Cdn$1.55 (2000 – between Cdn$1.56 and Cdn$1.43 with an average of Cdn$1.49)

U.S. Trade Dispute

On March 31, 2001 the Softwood Lumber Agreement between the United States and Canada expired. On April 2, 2001 certain U.S. industry and trade groups filed petitions seeking the implementation of countervailing duties ("CVD") and antidumping duties ("ADD") on Canadian lumber.

A preliminary determination by the U.S. Department of Commerce ("DOC") established a CVD rate of 19.31% for all provinces, except the Maritimes, for lumber shipments from August 17, 2001. That duty was suspended on December 15, 2001. The DOC also determined that circumstances may have existed whereby CVD would apply retroactively from May 19, 2001.

West Fraser recorded an expense provision of $20.9 million on account of possible CVD liabilities relating to its lumber shipments to the United States from August 17 to December 15, 2001. If the International Trade Commission ("ITC") rules that the CVD applies retroactively to May 19, 2001, additional duty of approximately $20 million would have to be accrued.

On October 31, 2001 the DOC issued its preliminary determination in the antidumping investigation. It had selected West Fraser and five other major lumber producers in Canada to investigate. On the basis of these investigations, the DOC determined a preliminary ADD rate for each company and assessed all other lumber exporters the weighted average ADD rate of the six companies investigated. West Fraser's rate was the lowest at 5.94% and the average rate was 12.58%.

West Fraser recorded an expense provision of $4.1 million on account of possible ADD liabilities relating to lumber exports to the United States from November 6 to December 31, 2001.

As U.S. law does not permit the DOC to charge duties if a final determination is more than 120 days after its preliminary determination, no CVD can be assessed before the final determinations expected in March 2002. The final ADD determination by the DOC is also expected in March.

In May 2002, the ITC is expected to make its final determination regarding the time period in which the duties apply. The ITC may determine that both duties apply from May 2002 forward or from August 2001 in respect of CVD and from November 2001 in respect of ADD. If the ITC finds that certain circumstances exist it could require the CVD to apply to shipments starting May 2001.

In 2001 the Company posted bonds as security for the payment of possible CVD and ADD liabilities and after the final determinations, expected in May, 2002 by the ITC, exporters of lumber to the United States may be required to post cash deposits. These deposits would be held pending completion of an administrative review in 2003. If the final CVD and ADD rates are similar to the preliminary rates, the cash deposits West Fraser would be required to make would amount to approximately US$75 million in a year, assuming current levels of shipments and prices. While such deposits would present a significant additional cost, West Fraser's financial resources and its imbedded low cost structure would enable it to fulfil these obligations, should they arise.

West Fraser and other Canadian forest products companies, together with the Canadian federal and provincial governments, continue to defend the Canadian position in this trade dispute. If an acceptable solution cannot be found, the Canadian governments may appeal the final determinations under NAFTA and to the World Trade Organization. Neither the final outcome nor the time required to reach a binding decision can be determined at this time.

A settlement of the softwood lumber dispute could result in changes to Canadian provincial timber tenure regimes, but it is not possible to predict the effect of such changes on West Fraser.

Land Claims

Native land claims continue to create uncertainty for the forest industry in British Columbia. Although some land claims are under negotiation with the federal and provincial governments, in 2001 the B.C. provincial government announced its intention to make treaty negotiations the subject of a referendum, expected to be conducted in 2002.

Pine Beetle Infestation

The B.C. central interior region is experiencing a pine beetle infestation. The volume of timber damaged by this infestation is expected to reach 70 million m^3 in 2002. The infestation is being addressed in part by an accelerated harvesting program. At this time West Fraser cannot determine whether the infestation will have a material effect on its long-term harvesting volume.

Sensitivity to Key Variables

Factor	Variation	Change in Earnings
Lumber Price	US$50 change per Mfbm	$ 64 million
Plywood Price	US$50 change per Msf	$ 12 million
MDF Price	US$50 change per Msf	$ 12 million
BCTMP Price	US$50 change per tonne	$ 18 million
Linerboard Price	US$50 change per tonne	$ 15 million
Kraft Paper Price	US$50 change per tonne	$ 5 million
Newsprint Price	US$50 change per tonne	$ 6 million
U.S.-Canadian $ Exchange Rate	US$0.01 change per Cdn$	$ 10 million
Log Cost	$10 change per m^3	$ 55 million

Environment

The "Environmental Report" which appears on page 61 is incorporated herein by reference.

Earnings Sensitivity

West Fraser's earnings are sensitive to changes in world economic conditions, primarily those in North America, Europe and the Far East. Most of its revenues are from sales of commodities for which prices are sensitive to variations in supply and demand. Since most of these sales are in foreign currencies, mainly U.S. dollars, currency exchange fluctuations are a major factor.

West Fraser's principal raw material is timber. Stumpage charges on logs harvested from its timber tenures are indexed to the market price of lumber, both in British Columbia and in Alberta, although each province follows a different market index and a different policy to make changes to stumpage. The prices paid for logs obtained on the open market are the result of competitive bidding between mills seeking incremental volumes. In West Fraser's new operations in the United States, approximately 65% of the required log volumes is obtained under a long-term contract and the balance through market purchases.

Interest rates, particularly in the United States, have a significant effect on house construction activity, which in turn influences the demand for and price of lumber.

BUSINESS OUTLOOK – 2002

West Fraser's financial performance is largely dependent on commodity prices, the value of the Canadian dollar in relation to the U.S. dollar, government policies affecting timber harvesting, the outcome of the Canada-U.S. lumber trade dispute and the cost structure of its manufacturing units.

Most of these factors indicate that 2002 will be a challenging year for West Fraser, although a modest economic recovery by year end is widely anticipated. As interest rates are unlikely to drop further to stimulate home-building activity, it may be difficult for the United States to maintain the high level of housing starts of 2001. In addition, the softwood lumber trade dispute may result in changes to Canada's forest policies with significantly increased timber pricing, further duties on exports of Canadian lumber, or both. The biggest single factor affecting short-term profitability of the Canadian forest products industry is the value of the Canadian dollar in relation to the U.S. dollar. Canada's currency has gradually weakened, providing an artificial advantage for all exports to the U.S. If the Canadian dollar strengthens rapidly, this advantage could evaporate, reducing profits of the Canadian industry until commodity prices rise in response.

The rebuilt sawmill at Chasm is expected to start up in March and should contribute to earnings by the end of the year. The two sawmills in the U.S. South will continue with their capital improvements, which should bring their manufacturing costs in line with those of the Canadian operations.

West Fraser's panel operations have continued to lower their operating costs while capturing high-value markets for their products. It is expected that expansions in North American MDF capacity will be limited to two new production lines commissioned in 2001, and production increases by plants that curtailed operations during the year. This latent capacity will probably hold back price improvements until the second half of 2002. The Company's panel facilities should continue to operate profitably even if new home construction and remodeling decline.

Pulp pricing is not expected to see improvement until late 2002 or early 2003. However, West Fraser's two BCTMP mills have increased their production efficiencies sufficiently to allow them to operate profitably even at depressed pricing levels.

Prices for linerboard and kraft paper are expected to show modest improvement with a global economic recovery and as major producers continue to exercise production discipline.

Newsprint prices are not expected to show significant improvement before the U.S. economic recovery results in increased newspaper advertising. However, the low cost structure and overall efficiency of ANC should allow it to maintain its strong profitability.

ANC and the government of Saskatchewan have agreed to study the feasibility of building a greenfield newsprint mill in that province. Attractive fibre and power costs and a satisfactory financial structure will need to be ensured in order for the participants to proceed with such a project.

Power pricing volatility diminished in the last half of 2001. In Alberta, however, occasional spikes in electricity prices should present West Fraser's operations with power management opportunities.

Real estate sales associated with West Fraser's former Revy retail home improvement business are proceeding. Most of the large "box" store properties are expected to be sold by the end of 2002 and smaller store properties will be sold as opportunities arise in the next few years.

West Fraser's sound balance sheet provides a strong buffer against the challenges of the coming year. Debt repayment totalling $239 million due in 2002 can be made out of funds on hand. Similarly, any cash deposits that may be required on account of U.S. trade duties can be met without compromising West Fraser's financial integrity. The balance sheet also provides West Fraser with the financial flexibility to consider growth opportunities as they present themselves.

Responsibility of Management

The management of West Fraser Timber Co. Ltd. is responsible for the preparation as well as the integrity of the accompanying consolidated financial statements and all related financial data contained in the annual report. The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and necessarily include amounts that represent the best estimates and judgments of management. The Company has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorizations.

The consolidated financial statements have been examined by the Company's auditors, PricewaterhouseCoopers LLP, who have issued their report thereon.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee, comprised of five Directors, none of whom is an officer or employee of the Company. The Committee meets from time to time with management and the Company's auditors to review the financial statements and matters relating to the audit. The Company's auditors have full and free access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for issuance to the shareholders.

Henry H. Ketcham
Chairman of the Board,
President & Chief Executive Officer

Martti Solin
Vice President, Finance
& Chief Financial Officer

January 31, 2002

Auditors' Report

To the Shareholders of West Fraser Timber Co. Ltd.

We have audited the consolidated balance sheets of West Fraser Timber Co. Ltd. as at December 31, 2001 and 2000 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied, after giving effect to the change in accounting policy described in note 2 to the consolidated financial statements, on a consistent basis.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, B.C.

January 31, 2002

Consolidated Balance Sheets

As at December 31 (in thousands of Canadian dollars)	2001	2000
Assets		
Current Assets		
Cash and Short-term Investments	$ 270,057	$ —
Accounts Receivable	169,635	182,510
Inventories *(note 6)*	305,550	334,844
Prepaid Expenses	7,789	6,446
Discontinued Operations – Current Assets *(note 3)*	5,984	233,866
	759,015	757,666
Other Assets *(note 7)*	86,490	78,591
Capital Assets *(note 8)*	1,290,713	1,272,566
Deferred Charges *(note 9)*	49,348	36,433
Discontinued Operations – Long-term Assets *(note 3)*	167,020	308,196
	$ 2,352,586	$ 2,453,452
Liabilities		
Current Liabilities		
Bank Indebtedness *(note 10)*	$ —	$ 95,633
Accounts Payable and Accrued Liabilities	188,799	206,564
Current Portion of Reforestation Obligation	28,135	29,846
Current Portion of Long-term Debt *(note 10)*	238,920	37,488
Discontinued Operations – Current Liabilities *(note 3)*	15,370	65,091
	471,224	434,622
Long-term Debt *(note 10)*	359,589	570,633
Other Liabilities *(note 11)*	100,649	72,378
Future Income Taxes *(note 18)*	213,171	245,242
Discontinued Operations – Long-term Liabilities *(note 3)*	4,543	3,246
	1,149,176	1,326,121
Shareholders' Equity		
Convertible Obligation *(note 3)*	—	19,536
Share Capital *(note 12)*	324,789	324,303
Contributed Surplus *(note 13(b))*	—	650
Retained Earnings	878,621	782,842
	1,203,410	1,127,331
	$ 2,352,586	$ 2,453,452

Contingency *(note 21)*

Approved by the Directors

C. Calvert Knudsen
Director

William P. Ketcham
Director

Consolidated Statements of Earnings and Retained Earnings

For the years ended December 31 (in thousands of Canadian dollars)	2001	2000
Earnings		
Net Sales	**$ 1,562,306**	$ 1,504,833
Costs and Expenses		
Cost of Products Sold	**1,181,304**	1,077,361
Amortization of Capital Assets	**123,279**	123,951
Selling, General and Administrative	**70,494**	60,377
	1,375,077	1,261,689
Operating Earnings	**187,229**	243,144
Other		
Financing Expense *(note 16)*	**(48,575)**	(35,164)
Write-down of Capital Assets	**—**	(19,837)
Other Income *(note 17)*	**4,705**	6,256
Earnings from Continuing Operations Before Income Taxes	**143,359**	194,399
Provision for (Recovery of) Income Taxes *(note 18)*		
Current	**66,590**	96,236
Future	**(32,071)**	(23,686)
	34,519	72,550
Earnings from Continuing Operations	**108,840**	121,849
Earnings from Discontinued Operations *(note 3)*	**17,648**	9,609
Earnings	**$ 126,488**	$ 131,458
Earnings per Share *(note 19)*		
Basic from Continuing Operations	**$ 3.53**	$ 3.99
Basic after Discontinued Operations	**$ 3.69**	$ 4.23
Diluted from Continuing Operations	**$ 3.52**	$ 3.99
Diluted after Discontinued Operations	**$ 3.68**	$ 4.14
Retained Earnings		
Balance – Beginning of Year	**$ 782,842**	$ 681,494
Change in Accounting for Future Income Taxes *(note 2)*	**—**	(13,054)
	782,842	668,440
Earnings	**126,488**	131,458
	909,330	799,898
Common Share Dividends	**(17,001)**	(16,989)
Cancellation of Shares *(note 12)*	**—**	2,213
Discontinued Operations – Convertible Obligation *(note 3)*	**(12,564)**	(2,280)
Preferred Share Payment *(note 13(b))*	**(1,144)**	—
Balance – End of Year	**$ 878,621**	$ 782,842

Consolidated Statements of Cash Flows

For the years ended December 31 (in thousands of Canadian dollars)	**2001**	2000
Cash Flows from Operating Activities		
Earnings from Continuing Operations	**$ 108,840**	$ 121,849
Items Not Affecting Cash		
Amortization of Capital Assets	**123,279**	123,951
Write-down of Capital Assets	**—**	19,837
Amortization of Deferred Foreign Exchange Loss	**15,048**	8,696
Change in Reforestation Obligation	**(12,682)**	15,978
Change in Other Long-term Liabilities	**27,811**	5,476
Future Income Taxes	**(32,071)**	(23,686)
Other	**(871)**	(7,800)
	229,354	264,301
Net Change in Non-cash Working Capital Items	**30,358**	(110,546)
	259,712	153,755
Cash Flows from Financing Activities		
Proceeds from Long-term Debt	**76,446**	—
Repayment of Long-term Debt	**(112,796)**	(37,413)
Dividends	**(17,001)**	(16,989)
Other	**(1,308)**	(6,042)
	(54,659)	(60,444)
Cash Flows from Investing Activities		
Capital Asset Additions	**(112,910)**	(64,111)
Proceeds from Disposal of Capital Assets	**1,548**	2,497
Acquisitions *(note 4)*	**(29,929)**	(111,860)
Increase in Other Assets	**(3,124)**	(51,982)
	(144,415)	(225,456)
Change in Cash from Continuing Operations	**60,638**	(132,145)
Change in Cash from Discontinued Operations *(note 3)*	**305,052**	(18,821)
Net Cash – Beginning of Year	**(95,633)**	55,333
Net Cash – End of Year	**$ 270,057**	$ (95,633)
Net Cash Consists of		
Cash and Short-term Investments	**$ 270,057**	$ —
Bank Indebtedness	**—**	(95,633)
	$ 270,057	$ (95,633)
Interest Paid	**$ 46,665**	$ 53,662
Income Taxes Paid	**$ 93,403**	$ 160,101

Notes to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the company and its subsidiaries. Principal direct and indirect operating subsidiaries are West Fraser Mills Ltd., Blue Ridge Lumber Inc., Alberta Plywood Ltd., West Fraser (South), Inc., West Fraser Newsprint Ltd., West Fraser Real Estate Holdings Ltd. (formerly Revelstoke Home Centres Ltd.) and West Fraser Home Centres Inc. (formerly Revy Home Centres Inc.).

Investments in and operations of the company's principal joint ventures are accounted for by the proportionate consolidation method.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign currency translation

Monetary assets and liabilities in foreign currencies, including long-term debt, are translated into Canadian dollars at the exchange rates prevailing at the end of the period. Other assets and liabilities and income and expense items are translated at the exchange rates prevailing on the transaction dates. Resulting exchange gains or losses are included in earnings, except for unrealized foreign exchange gains and losses on long-term debt, which are deferred and amortized over the term of the related debt or reflected in earnings when the debt is repaid.

The company's foreign operations are considered to be integrated and, accordingly, have been translated using the temporal method. Under this method, monetary items are translated at the rates of exchange in effect at the balance sheet dates, and non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the average rate of exchange in effect during the period in which they occur, except for amortization of assets, which is translated at the same exchange rates as the assets to which it relates. Gains or losses on the translation of monetary items are included in earnings.

Cash and short-term investments

Cash and short-term investments consist of cash on deposit with banks and short-term interest-bearing securities with maturities at purchase date of three months or less.

Inventories

Inventories of logs and manufactured products are valued at the lower of average cost and net realizable value. Inventories of raw materials, processing materials and supplies are valued at the lower of average cost and replacement cost.

46 (figures are in thousands of Canadian dollars except where indicated)

Capital assets

Capital assets are stated at cost, which for major manufacturing assets under construction includes capitalized interest and preproduction and start-up costs. Company-owned timberlands include the cost of acquisition and all costs associated with establishing and maintaining the timberlands. Expenditures for additions, improvements and renewals are capitalized. Expenditures for maintenance and repairs are charged to earnings. Upon retirement, disposal or destruction of assets, the cost and related amortization are removed from the accounts and any gain or loss is reflected in earnings. Any permanent impairment in the carrying value of capital assets is charged against earnings in the period such an impairment is determined.

Amortization

Amortization is provided to reduce the original cost of capital assets to estimated residual values over their useful lives. The company employs the units-of-production basis for amortization of the newsprint mill. All other capital assets are amortized on a straight-line basis.

The rates of amortization being applied are intended to amortize the assets over the following periods:

Buildings	10 – 40 years
Manufacturing equipment and machinery	10 – 20 years
Fixtures, equipment and other	3 – 10 years

Costs of logging roads and timber rights are amortized on the basis of timber harvested.

Deferred financing fees are amortized over the term of the related debt.

Reforestation obligation

The company harvests timber under various provincial tenures. Estimated future reforestation obligations are charged to earnings based on the volume of the timber harvested. The difference in actual costs of reforestation are credited or charged to earnings when realized.

2. CHANGE IN ACCOUNTING POLICY

Future income taxes

Effective January 1, 2000, the company retroactively adopted the liability method of accounting for income taxes. The cumulative effect of this change was to increase capital assets by $118,900, decrease retained earnings by $13,054 and increase future income taxes by $131,954. Prior to January 1, 2000, income taxes were accounted for by the deferral method.

(figures are in thousands of Canadian dollars except where indicated) 47

3. DISCONTINUED OPERATIONS

Retail home improvement

On April 30, 2001 (the Measurement Date), the company adopted a plan to dispose of its retail home improvement operations and the majority of related real estate. Effective June 6, 2001, the company sold substantially all of its retail home improvement operations for proceeds of $184,690. The majority of the real estate is expected to be sold in 2002.

The loss from discontinued operations is based on management's best estimates. These include the proceeds to be realized on the sale of the real estate and other retained assets, closure and other costs related to the disposition of the remaining retail sales operations owned, and other liabilities and possible claims. Changes to these estimates will be recognized as a gain or loss from discontinued operations in the period in which such changes are determined.

Non-current assets of discontinued operations principally comprise capital assets. Retail sales up to the date of disposal were $433,787 (2000–$804,607).

Convertible obligation

On the acquisition of a home improvement business in 1998, a subsidiary of the company issued 1,500,000 of its common shares. Under certain circumstances, the company had the right to issue common shares in satisfaction of a contractual repurchase obligation. Accordingly, the present value was recorded in shareholders' equity as a convertible obligation. On July 13, 2001, the company acquired these shares for $32,100, which resulted in a charge of $12,564 to retained earnings.

Timber plantations

On June 29, 2001, the company sold its timber plantations for net proceeds of $72,185. The resulting gain on sale of $33,292 has been accounted for as discontinued operations. Capital losses are available to eliminate taxes on the sale.

Discontinued operations

The results of discontinued operations are as follows:

	2001	2000
Earnings (loss) before income tax to Measurement Date	**$ (1,685)**	$ 16,795
Income tax recovery (expense)	**799**	(7,959)
Earnings (loss) from operations to Measurement Date	**(886)**	8,836
Loss on disposal of retail home improvement operations – net of tax recovery of $3,100	**(14,758)**	—
Earnings (loss) from discontinued retail operations	**(15,644)**	8,836
Timber plantations	**33,292**	773
Earnings from discontinued operations	**$ 17,648**	$ 9,609

48 (figures are in thousands of Canadian dollars except where indicated)

Cash flows from discontinued operations consist of cash provided from (used in):

	2001	2000
Operating activities	**$ 50,741**	$ 7,767
Financing activities	**(32,100)**	—
Investing activities	**286,411**	(26,588)
Increase (decrease) in cash	**$ 305,052**	$ (18,821)

4. ACQUISITIONS

2001

Effective April 24, 2001, the company acquired a sawmill and associated timber rights located in British Columbia. The acquisition has been accounted for by the purchase method and the results of operations have been included with those of the company from the effective date.

Net assets acquired at fair values:

Non-cash working capital	**$ 7,295**
Capital assets	**34,061**
Reforestation obligation assumed	**(11,427)**
Cash consideration	**$ 29,929**

2000

Effective December 15, 2000, the company acquired two sawmills in the southern United States and entered into a long-term timber supply contract with the seller. The acquisition has been accounted for by the purchase method and the results of operations have been included with those of the company from the effective date.

Net assets acquired at fair values:

Non-cash working capital	$ 16,997
Timber deposits	3,689
Capital assets	91,174
Cash consideration	$ 111,860

(figures are in thousands of Canadian dollars except where indicated) 49

5. INVESTMENTS IN JOINT VENTURES

The company's principal joint ventures consist of Quesnel River Pulp Company (50%), Alberta Newsprint Company (50%), Houston Forest Products Company (50%) and Babine Forest Products Company (31.58%). The company's proportionate share of the financial position, operating results, and cash flows of the joint ventures is as follows:

	2001	2000
Current assets	$ 59,273	$ 62,851
Non-current assets	207,761	219,950
Total assets	267,034	282,801
Current liabilities	36,720	38,741
Non-current liabilities	4,816	2,584
Equity	$ 225,498	$ 241,476
Net sales	$ 255,946	$ 284,964
Expenses	201,392	222,130
Earnings	$ 54,554	$ 62,834
Cash flows from:		
Operating activities	$ 83,690	$ 94,783
Financing activities	$ 123	$ 2,650
Investing activities	$ (14,474)	$ (15,194)

The company has business transactions with certain of its joint venture participants and corporations related to these participants. All transactions are at market prices and on normal business terms.

6. INVENTORIES

	2001	2000
Logs and wood chips	$ 95,153	$ 117,198
Manufactured products	161,914	165,619
Processing materials and supplies	48,483	52,027
	$ 305,550	$ 334,844

7. OTHER ASSETS

	2001	2000
Power purchase agreements	$ 36,730	$ 38,737
Investments	41,169	32,638
Advances for timber and timber deposits	6,871	5,030
Non-interest bearing loans to employees	1,720	2,186
	$ 86,490	$ 78,591

50 (figures are in thousands of Canadian dollars except where indicated)

Power purchase agreements

In 2000, the company entered into agreements to acquire a portion of the electricity to be generated from two power plants in Alberta over 20 years, beginning January 1, 2001, at largely predetermined prices. The company's share is expected to be 150 megawatts per year for the first 14 years and 120 megawatts per year for the final six years. The company also has entered into agreements to resell the electricity through the Alberta Power Pool at prevailing market prices or through direct sales. The initial payment for these rights of $38,737 is being amortized over the life of the underlying agreements. The electricity acquired under the agreements meet the requirements of the company's Alberta operations.

8. CAPITAL ASSETS

			2001
	Cost	Accumulated amortization	Net
Manufacturing plant and equipment	**$ 2,173,951**	**$ 1,180,894**	**$ 993,057**
Timber rights, timberlands and roads	**424,304**	**162,216**	**262,088**
Other properties	**41,982**	**6,414**	**35,568**
	$ 2,640,237	**$ 1,349,524**	**$ 1,290,713**

			2000
	Cost	Accumulated amortization	Net
Manufacturing plant and equipment	$ 2,076,528	$ 1,081,199	$ 995,329
Timber rights, timberlands and roads	389,589	146,848	242,741
Other properties	41,479	6,983	34,496
	$ 2,507,596	$ 1,235,030	$ 1,272,566

9. DEFERRED CHARGES

	2001	2000
Deferred foreign exchange loss	**$ 32,995**	$ 21,424
Deferred pension costs (note 14)	**14,780**	12,891
Deferred financing fees	**1,573**	2,118
	$ 49,348	$ 36,433

(figures are in thousands of Canadian dollars except where indicated)

10. LONG-TERM DEBT AND BANK INDEBTEDNESS

Long-term debt

	2001	2000
US$125,000 term notes due 2002; interest at 7.25%	**$ 199,031**	$ 187,339
US$125,000 term notes due 2005; interest at 7.50%	**198,956**	187,229
Cdn$125,000 term notes due 2007; interest at 6.80%	**124,864**	124,840
US$47,500 (2000–US$72,500) notes due 2001 to 2004; interest at 8.44%	**75,658**	108,713
	598,509	608,121
Less: Current portion	**238,920**	37,488
	$ 359,589	$ 570,633

All long-term debt and bank lines of credit are unsecured.

Principal repayments required are as follows:

2002	$ 238,920
2003	19,910
2004	15,928
2005	198,956
2006	—
Thereafter	124,795
	$ 598,509

Bank indebtedness

The company has approximately $385,000 in demand or revolving lines of credit available, none of which was utilized as at December 31, 2001 (2000–$95,633).

11. OTHER LIABILITIES

	2001	2000
Pension liability (note 14)	**$ 11,501**	$ 8,700
Reforestation obligation – long-term	**64,138**	63,678
Lumber duties payable (note 21)	**25,010**	—
	$ 100,649	$ 72,378

52 (figures are in thousands of Canadian dollars except where indicated)

12. SHARE CAPITAL

Authorized

10,000,000 preferred shares, issuable in series, without par value
200,000,000 common shares, without par value
20,000,000 Class B common shares, without par value

Issued

	2001		2000	
	Number of shares	Amount	Number of shares	Amount
Common	**24,531,020**	**$ 324,204**	24,515,504	$ 323,718
Class B common	**5,829,068**	**585**	5,829,068	585
Total common	**30,360,088**	**$ 324,789**	30,344,572	$ 324,303

Share capital transactions during 2001

The company issued 15,516 common shares for $486.

Share capital transactions during 2000

The company issued 13,443 common shares for $394; 118,000 Class B shares were converted to common shares.

The company cancelled 259,545 common shares owned by a subsidiary. The resulting surplus of $2,213 has been credited to retained earnings.

Rights and restrictions

Common shares

Common shares and Class B common shares are equal in all respects except that each Class B common share may at any time be exchanged for one common share.

Dividends payable

Dividends declared and unpaid at December 31, 2001 amounted to $4,250 (2000–$4,248) and are included in accounts payable and accrued liabilities.

Share options

The company has a fixed share option plan for its directors, officers and employees, under which it may issue up to 2,000,000 share options. No expense is recognized for share options issued under this plan. The exercise price of options is equal to the closing price of the company's stock on the day preceding the grant date. The options vest at 20% per year from the grant date and expire after 10 years. The weighted average contractual life of the options outstanding is seven years.

(figures are in thousands of Canadian dollars except where indicated) 53

A summary of the activity in the stock option plan is presented below:

		2001		2000
	Shares	Weighted average exercise price (dollars)	Shares	Weighted average exercise price (dollars)
Outstanding – Beginning of year	**1,000,322**	**$ 35.46**	669,979	$ 35.18
Granted	**350,000**	**25.50**	334,000	36.00
Exercised	**(10,250)**	**31.58**	—	—
Expired	**(6,407)**	**38.42**	(3,657)	33.78
Outstanding – End of year	**1,333,665**	**$ 32.86**	1,000,322	$ 35.46
Exercisable – End of year	**581,915**		413,872	

The following table summarizes information about the stock options outstanding at December 31, 2001:

	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (dollars)	Number of exercisable options	Weighted average exercise price (dollars)
Range of exercise prices					
$20 – $30	**463,500**	**8**	**$ 26.39**	**133,500**	**$ 28.58**
$30 – $40	**732,665**	**6**	**$ 35.05**	**336,215**	**$ 34.55**
$40 – $50	**137,500**	**5**	**$ 43.00**	**112,200**	**$ 43.00**
	1,333,665			**581,915**	

13. COMMITMENTS

a) Operating leases

The company is committed to payments under certain operating leases for equipment, land, buildings and office space. The payments required under these leases over the next five years amount to $4,955.

b) Preferred share purchase

Under the terms of a 1999 preferred share repurchase, the company was required to pay an excess dividend entitlement dependent upon the common share dividends paid. During 2001, an excess dividend entitlement of $1,794 was paid, of which $650 was charged to contributed surplus and $1,144 was charged to retained earnings.

The obligation was terminated in 2002.

54 (figures are in thousands of Canadian dollars except where indicated)

14. POST-RETIREMENT BENEFITS

The company maintains non-contributory defined benefit and defined contribution pension plans covering a majority of its employees. The defined benefit plans provide pension benefits based on length of service and, in some cases, earnings and length of service. The company has unfunded supplemental defined benefit pension plans for certain salaried employees. The present value of accumulated pension benefits based on earnings and length of service is provided for in the financial statements. The company also provides group life insurance and medical and extended health benefits to certain employee groups. Under its non-pension post-retirement benefit plans, the projected benefit obligations were $6,932 at December 31, 2001 (2000–$6,444).

The total pension expense for the company's defined contribution pension plans is $1,686 (2000–$1,530).

The significant actuarial assumptions are as follows:

Discount rate	7%
Expected rate of return on plan assets	7%
Compensation increase	2% – 5%
Inflation rate	4%

The status of the company's defined benefit pension plans at December 31, 2001 and 2000 was as follows:

	2001	2000
Pension expense		
Current service cost	**$ 8,230**	$ 7,496
Interest cost	**13,702**	11,810
Expected plan return	**(13,288)**	(12,072)
Amortization of transition amount and experience gains (losses)	**349**	(134)
Net expense	**$ 8,993**	$ 7,100
Accrued benefit obligation		
Projected benefit obligations – opening	**$ 177,768**	$ 163,764
Liability assumed	**9,039**	—
Current service cost	**8,230**	7,496
Interest cost	**13,702**	11,810
Benefits paid	**(7,328)**	(5,741)
Actuarial gains	**7,182**	127
Other	**—**	312
Projected benefit obligations – ending	**$ 208,593**	$ 177,768

(figures are in thousands of Canadian dollars except where indicated) 55

	2001	2000
Plan assets		
Fair value – opening	**$ 183,486**	$ 171,707
Assets acquired	**8,700**	—
Actual return	**3,286**	10,404
Contributions	**8,082**	7,255
Benefits paid	**(7,328)**	(5,880)
Fair value – ending	**$ 196,226**	$ 183,486
Funded status of the plan		
Plan surplus (deficit)	**$ (12,367)**	$ 5,718
Unamortized net actuarial losses	**18,680**	1,955
Unamortized past service costs	**602**	300
Unamortized net transitional amount	**(3,636)**	(3,782)
Net accrued benefit asset	**$ 3,279**	$ 4,191
Represented by		
Deferred pension costs	**$ 14,780**	$ 12,891
Pension liability	**(11,501)**	(8,700)
	$ 3,279	$ 4,191

15. FINANCIAL INSTRUMENTS

a) Fair values

The recorded amounts for cash and short-term investments, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate fair values based on the short-term maturity of those instruments.

The fair value of the company's long-term debt at December 31, 2001 was $633,678 based on rates currently available to the company for long-term debt with similar terms and remaining maturities.

b) Credit risk

The company sells its products to a variety of customers with various payment terms and, as such, is exposed to credit risk. The company has adopted policies and procedures designed to limit its credit risk.

16. FINANCING EXPENSE

	2001	2000
Long-term interest	**$ 45,530**	$ 47,277
Current interest – net	**(1,941)**	(1,203)
Amortization of deferred foreign exchange loss	**15,048**	8,696
Attributed to discontinued operations	**(10,062)**	(19,606)
	$ 48,575	$ 35,164

56 (figures are in thousands of Canadian dollars except where indicated)

17. OTHER INCOME (EXPENSE)

	2001	2000
Earnings (loss) from equity investments	**$ (282)**	$ 916
Gain (loss) on sale of capital assets – net	**(71)**	4,132
Foreign exchange	**1,459**	454
Other – net	**3,599**	754
	$ 4,705	$ 6,256

18. INCOME TAXES

The company's effective tax rate is as follows:

	2001 Amount	2001 %	2000 Amount	2000 %
Income taxes at statutory rate	**$ 63,686**	**44.4**	$ 90,535	46.6
Manufacturing and processing allowances	**(6,835)**	**(4.8)**	(10,862)	(5.6)
Large corporations tax	**1,069**	**0.8**	3,000	1.5
Non-deductible amounts	**2,360**	**1.7**	1,527	0.8
Rate differentials between jurisdictions	**(10,502)**	**(7.3)**	(2,523)	(1.3)
Reduction in statutory income tax rates	**(17,000)**	**(11.9)**	(6,297)	(3.2)
Other	**1,741**	**1.2**	(2,830)	(1.5)
	$ 34,519	**24.1**	$ 72,550	37.3

The components of the future income tax liability at December 31, 2001 are as follows:

Future income tax liabilities	
Capital assets	**$ (257,374)**
Other assets	**(5,064)**
	(262,438)
Future income tax assets	
Reforestation accrual	**33,004**
Other liabilities	**16,263**
	49,267
	$ (213,171)

(figures are in thousands of Canadian dollars except where indicated) 57

19. EARNINGS PER SHARE

Basic earnings per share are calculated based on net earnings available to common shareholders, as set out below, using the weighted average number of common shares outstanding. Diluted earnings per share assume the settlement of the convertible obligation for common shares, if dilutive, and the exercise of options using the treasury stock method.

	2001		2000	
	From continuing	After discontinued	From continuing	After discontinued
Earnings				
Earnings	**$ 108,840**	**$ 126,488**	$ 121,849	$ 131,458
Preferred share payments	**(1,794)**	**(1,794)**	(752)	(752)
Convertible obligation accretion	**—**	**(12,564)**	—	(2,280)
Available to shareholders – basic	**107,046**	**112,130**	121,097	128,426
Convertible obligation accretion (if dilutive)	**—**	**—**	—	2,280
Available to shareholders – diluted	**$ 107,046**	**$ 112,130**	$ 121,097	$ 130,706
Weighted average shares				
Weighted average shares – basic	**30,356,104**	**30,356,104**	30,336,703	30,336,703
Dilutive shares – convertible obligation	**—**	**—**	—	1,199,999
Stock options – treasury stock method	**95,881**	**95,881**	—	—
Weighted average shares – diluted	**30,451,985**	**30,451,985**	30,336,703	31,536,702
Earnings per share (dollars)				
Basic earnings per share	**$ 3.53**	**$ 3.69**	$ 3.99	$ 4.23
Diluted earnings per share	**$ 3.52**	**$ 3.68**	$ 3.99	$ 4.14

20. SEGMENTED INFORMATION

The segmentation of the company's manufacturing operations into lumber, panels and pulp and paper is based on a number of factors, including similarities in products, production processes, and economic characteristics. The principal operations of each segment are as follows:

Lumber	– 14 sawmills, which includes the company's interest in joint ventures, producing lumber and by-product wood chips
Panels	– 2 MDF, 1 plywood plant and 1 veneer plant
Pulp and paper	– 4 mills, which includes the company's interest in joint ventures, producing linerboard, kraft paper, BCTMP and newsprint

The accounting policies of each segment are the same as those described in note 1.

58 (figures are in millions of Canadian dollars)

2001

	Lumber	Panels	Pulp & paper	Corporate and other	Consolidated
Net sales at market prices					
To external customers	$ 851.8	$ 214.0	$ 496.5	$ —	$ 1,562.3
To other segments	30.9	—	—	—	
	$ 882.7	$ 214.0	$ 496.5	$ —	
EBITDA	$ 152.5	$ 62.3	$ 103.8	$ (8.1)	$ 310.5
Amortization of capital assets	48.1	23.1	51.8	0.3	123.3
Operating earnings (loss)	104.4	39.2	52.0	(8.4)	187.2
Financing expense	16.0	6.9	20.1	5.6	48.6
Other	0.5	(0.1)	—	(5.1)	(4.7)
Earnings from continuing operations before income taxes	$ 87.9	$ 32.4	$ 31.9	$ (8.9)	$ 143.3
Capital employed (*) Continuing operations	$ 799.8	$ 368.1	$ 629.6	$ 165.2	$ 1,962.7
Capital employed Discontinued operations	—	—	—	—	157.6
Total capital employed	$ 799.8	$ 368.1	$ 629.6	$ 165.2	$ 2,120.3
Identifiable assets Continuing operations	$ 865.7	$ 413.5	$ 694.7	$ 205.7	$ 2,179.6
Identifiable assets Discontinued operations	—	—	—	—	173.0
Total identifiable assets	$ 865.7	$ 413.5	$ 694.7	$ 205.7	$ 2,352.6
Capital asset additions, including acquisitions Continuing operations	$ 104.3	$ 8.6	$ 29.0	$ 0.9	$ 142.8
Sales by geographic area					
Net sales to external customers					
USA	$ 567.1	$ 75.2	$ 190.1	$ —	$ 832.4
Canada	240.4	129.7	48.8	—	418.9
Europe	—	—	63.7	—	63.7
Far East	44.3	9.1	141.1	—	194.5
Other	—	—	52.8	—	52.8
	$ 851.8	$ 214.0	$ 496.5	$ —	$ 1,562.3

(*) Capital employed is defined as identifiable assets less current non-interest bearing liabilities.

(figures are in millions of Canadian dollars)

2000

	Lumber	Panels	Pulp & paper	Corporate and other	Consolidated
Net sales at market prices					
To external customers	$ 724.3	$ 198.5	$ 582.0	$ —	$ 1,504.8
To other segments	64.4	—	—	—	
	$ 788.7	$ 198.5	$ 582.0	$ —	
EBITDA	$ 150.8	$ 47.8	$ 173.7	$ (5.2)	$ 367.1
Amortization of capital assets	49.0	22.9	52.0	0.1	124.0
Operating earnings (loss)	101.8	24.9	121.7	(5.3)	243.1
Financing expense	10.5	7.1	20.5	(2.9)	35.2
Other	14.2	—	(1.8)	1.2	13.6
Earnings from continuing operations before income taxes	$ 77.1	$ 17.8	$ 103.0	$ (3.6)	$ 194.3
Capital employed (*)					
Continuing operations	$ 615.6	$ 253.6	$ 717.4	$ 88.4	$ 1,675.0
Capital employed					
Discontinued operations	—	—	—	—	477.0
Total capital employed	$ 615.6	$ 253.6	$ 717.4	$ 88.4	$ 2,152.0
Identifiable assets					
Continuing operations	$ 711.1	$ 274.1	$ 774.8	$ 151.4	$ 1,911.4
Identifiable assets					
Discontinued operations	—	—	—	—	542.1
Total identifiable assets	$ 711.1	$ 274.1	$ 774.8	$ 151.4	$ 2,453.5
Capital asset additions, including acquisitions					
Continuing operations	$ 148.6	$ 7.2	$ 16.2	$ 4.0	$ 176.0
Sales by geographic area					
Net sales to external customers					
USA	$ 363.1	$ 55.3	$ 156.8	$ —	$ 575.2
Canada	276.5	127.4	56.2	—	460.1
Europe	—	—	103.8	—	103.8
Far East	84.7	15.8	186.9	—	287.4
Other	—	—	78.3	—	78.3
	$ 724.3	$ 198.5	$ 582.0	$ —	$ 1,504.8

(*) Capital employed is defined as identifiable assets less current non-interest bearing liabilities.

21. CONTINGENCY

On April 2, 2001, petitions for the imposition of antidumping and countervailing duties on softwood lumber from Canada were filed with the U.S. Department of Commerce (USDOC) and the U.S. International Trade Commission (USITC) by certain U.S. industry and trade groups (the Petitioners).

On August 9, 2001, the USDOC issued its preliminary determination in the countervailing duty investigation and imposed a preliminary duty rate of 19.31% to be posted by cash deposits or bonds on the exports from Canada of softwood lumber to the U.S. on or after August 17, 2001. The USDOC also made a preliminary determination that certain circumstances may have existed which should result in the application of duties on exports from Canada of softwood lumber retroactively to May 19, 2001 (Critical Circumstances). In accordance with the U.S. law, the preliminary duty rate of 19.31% was suspended on December 15, 2001, 120 days after the preliminary determination.

On October 31, 2001, the USDOC issued its preliminary determination in the antidumping duty investigation and imposed a company specific preliminary duty rate of 5.94% on the company. The antidumping duty rate applies to all exports of softwood lumber from Canada on or after November 6, 2001.

The company has accrued $20,946 as a reduction of sales for the period from August 17, 2001 to December 15, 2001 representing the preliminary countervailing duty rate determined by the USDOC of 19.31%. The company has not accrued any duty for the period from May 19, 2001 to August 16, 2001 (estimated to be $20,300) as management believes that the likelihood of Critical Circumstances in the countervailing case is not determinable at this time.

The company has accrued $4,064 as a reduction of sales for the period from November 6, 2001 to December 31, 2001 representing the preliminary antidumping duty rate determined by the USDOC of 5.94%.

Any adjustments resulting from a change in the final countervailing and antidumping duty rates or Critical Circumstances determination in the countervailing case will be made prospectively.

The company and other Canadian forest product companies, the federal government and Canadian provincial governments (Canadian Interests) categorically deny the U.S. allegations and disagree with the preliminary countervailing and dumping determinations made by the USITC and USDOC. Canadian Interests continue to defend the Canadian industry in this U.S. trade dispute. Depending on the outcome of the final phase of the investigation, Canadian Interests may appeal the decision of these administrative agencies to the appropriate courts, NAFTA panels and the WTO. Notwithstanding the preliminary rates established in the investigations, the final liability for the assessment of countervailing and dumping duties will not be determined until each annual administrative review process is complete.

Environmental Report

ENVIRONMENTAL POLICY

West Fraser Timber Co. Ltd. is committed to responsible stewardship of the environment. A philosophy of continual improvement of our forest practices and manufacturing procedures has been adopted to optimize the use of resources and minimize or eliminate the impact of our operations on the environment.

West Fraser recognizes that environmental excellence is an integral aspect of long-term business success. Our company and its employees are committed to the following:

- Complying with all applicable environmental laws and regulations, and with other requirements to which the organization subscribes.
- Preventing pollution and continuing to improve our environmental performance by setting and reviewing environmental objectives and targets.
- Conducting periodic environmental audits.
- Providing training for employees and contractors to ensure environmentally responsible work practices.
- Communicating our environmental performance to employees, customers, shareholders, local communities and other stakeholders.
- Reviewing this policy on a regular basis to ensure that it reflects our ongoing commitment to environmental stewardship.

INTERNAL AUDITS

West Fraser has a program of internal environmental and forest practices audits. During 2001, environmental audits were conducted at the Kitimat mill and the sawmills at Smithers, Terrace, Joyce, Huttig, and Red Earth. Two significant issues were identified at one of the U.S. operations regarding the handling and storage of hydrocarbons and were corrected immediately.

Forestry audits were conducted at all of West Fraser's wholly owned B.C. and Alberta operations as part of the ISO certification. Many good forest practices were noted in the course of the audits, and minor issues were quickly addressed.

CERTIFICATION

In recent years, awareness of environmental certification has expanded. There is increasing demand in the marketplace for forest companies to obtain independent verification that their manufacturing and forest practices meet a standard of environmental performance. This has resulted in an increase in the number of certification standards from which to choose. West Fraser has achieved certification to several different environmental standards at various mills and woodlands.

Eight of West Fraser's nine woodlands operations in B.C. and Alberta were audited in 2001 and were found to meet the requirements for ISO 14001 certification, the international standard for environmental management systems. The ISO standard verifies that a company's management system carefully considers the environmental impact of its activities, takes measures to minimize or eliminate these impacts and strives to make continual improvements to its performance.

The Quesnel River Pulp mill also achieved ISO 14001 certification for its manufacturing operations.

The timberlands that supply the majority of the logs to West Fraser's U.S. sawmills in Joyce and Huttig have been independently verified to meet the requirements of the Sustainable Forestry Initiative ("SFI") of the American Forest and Paper Association, an industry trade group recognized for its high environmental standards. The SFI is a comprehensive set of performance measures that integrate the perpetual growing and harvesting of trees with the protection of wildlife and plants and soil and water quality.

ForestCare certification, the environmental standard in Alberta, was maintained at all of West Fraser's Alberta operations. The Alberta Forest Products Association, along with community

stakeholder groups, created ForestCare as a forest industry stewardship program. This certification ensures that industry makes continual improvements to environmental performance and maintains a cooperative relationship with community stakeholders.

The Ranger Board and WestPine operations maintained the Scientific Certification System's Green Cross certification in 2001. This certification verifies that their medium density fibreboard products are made from 100% recovered and recycled wood fibre with at least 50% post-industrial, recycled content.

EFFLUENT QUALITY

Slave Lake Pulp completed a $1.7 million upgrade to its effluent treatment system in order to decrease loading to the system and improve its performance.

The Kitimat mill continues to work with federal and provincial regulators and local stakeholders to address issues related to the effect of the mill's effluent on the taste of the eulachon fish that use the Kitimat River estuary for spawning during a brief period each year.

AIR QUALITY INITIATIVES

The Quesnel and Williams Lake operations continue to participate in the local community airshed management program.

The Smithers sawmill is pursuing several options that would allow it to discontinue using its beehive burner, including transporting wood waste to various energy systems in the northwest.

PCB REMOVAL

A major initiative was undertaken to dispose of PCB-contaminated capacitors and transformers stored on site at the Kitimat mill. This will allow the decommissioning of the PCB storage facility in 2002.

NON-COMPLIANCES AND CHARGES

Slave Lake Pulp received a $5,000 administrative penalty from Alberta Environmental Protection with respect to a glycol spill in December 1999. Subsequent studies of the Slave River indicate that there was no environmental damage to the river. Procedures have been introduced to prevent future spills.

In December 2001 Slave Lake Pulp, while attempting to improve the effectiveness of its treatment system, caused an increase in biochemical oxygen demand ("BOD") resulting in a failure of a toxicity test. Steps were taken immediately to reduce the BOD loading to the river. The incident is under investigation by environmental regulatory agencies.

The Kitimat mill experienced two incidents of non-compliance for permitted total suspended solids emissions.

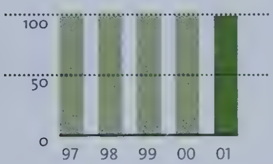
Certain charges laid against West Fraser in 1998 under the *Waste Management Act* (British Columbia) relating to the operation of three ambient air monitors at the Kitimat mill were dropped.

Environmental Report Charts

COMPLIANCE WITH TOXICITY REGULATIONS

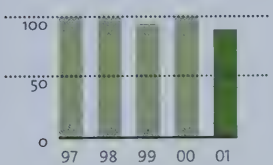
EUROCAN PULP & PAPER

(%)



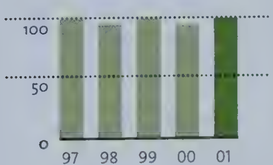
SLAVE LAKE PULP

(%)



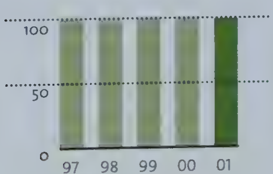
QUESNEL RIVER PULP

(%)



ALBERTA NEWSPRINT

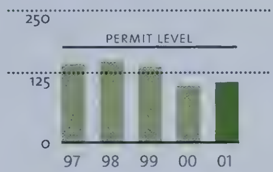
(%)



TOTAL SUSPENDED SOLIDS (TSS)

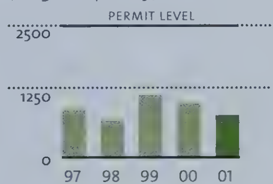
EUROCAN PULP & PAPER

(milligrams per litre)



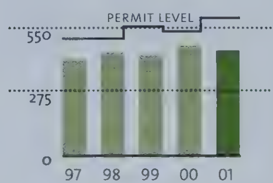
SLAVE LAKE PULP

(kilograms per day)



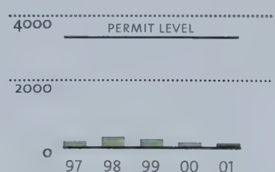
QUESNEL RIVER PULP

(milligrams per litre)



ALBERTA NEWSPRINT

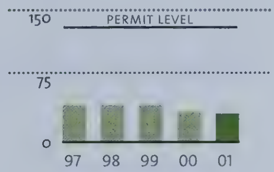
(kilograms per day)



BIOCHEMICAL OXYGEN DEMAND (BOD)

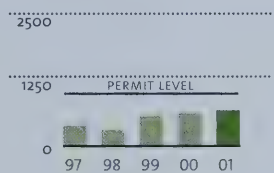
EUROCAN PULP & PAPER

(milligrams per litre)



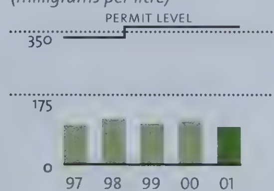
SLAVE LAKE PULP

(kilograms per day)



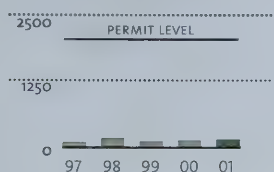
QUESNEL RIVER PULP

(milligrams per litre)



ALBERTA NEWSPRINT

(kilograms per day)



Six-Year Review[1]

FINANCIAL	2001	2000	1999	1998	1997	1996
EARNINGS *($ millions)*						
Net Sales	**1,562**	1,505	1,416	1,175	1,323	1,269
Cost of Product Sold	**1,181**	1,077	966	924	997	928
Amortization	**123**	124	113	115	118	105
Selling, General and Administrative	**71**	61	52	46	53	48
Operating Earnings	**187**	243	285	90	155	188
Financing Expense	**49**	35	45	69	58	52
Other	**(5)**	14	—	12	(5)	(1)
Income Taxes	**34**	73	100	12	40	43
Earnings from Continuing Operations	**109**	121	140	(3)	62	94
Earnings from Discontinued Operations	**17**	10	7	9	8	(2)
Earnings	**126**	131	147	6	70	92
Cash Provided From Operations *($ millions)*	**260**	154	360	121	205	254
Capital Asset Additions and Acquisitions *($ millions)*	**143**	176	124	79	113	195
FINANCIAL POSITION *($ millions)*						
Working Capital	**297**	154	242	204	264	245
Net Capital Assets	**1,291**	1,273	1,149	1,147	1,192	1,207
Others Assets & Deferred Charges	**136**	115	37	103	56	35
Net Discontinued Assets	**153**	474	388	344	318	287
Net Assets	**1,877**	2,016	1,816	1,798	1,830	1,774
Long-term Debt	**360**	571	590	718	762	771
Other Liabilities & Future Income Taxes	**314**	318	200	182	175	163
Shareholders' Equity	**1,203**	1,127	1,026	898	893	840
Non-Current Liabilities & Equity	**1,877**	2,016	1,816	1,798	1,830	1,774
PER COMMON SHARE *(dollars)*						
Diluted EPS[2]	**3.68**	4.14	4.82	0.05	2.31	3.16
Diluted EPS from Continuing Operations[2]	**3.52**	3.99	4.74	(0.21)	2.05	3.24
Book Value[2]	**39.64**	36.51	33.27	29.16	29.10	27.29
Price Range – High	**38.45**	38.50	40.00	41.00	47.00	44.00
– Low	**25.50**	21.00	29.00	19.05	30.65	28.50
– Close	**38.45**	26.75	37.50	29.75	35.50	44.00
Cash Dividends Declared	**0.56**	0.56	0.54	0.54	0.50	0.46
Shares Outstanding at Year-end (000's)	**30,360**	30,345	30,331	29,070	28,977	28,971
Weighted Average Shares (000's)	**30,356**	30,337	29,733	29,004	28,973	28,439
RATIOS						
Return on Capital Employed	**7.6%**	8.2%	9.8%	3.0%	6.1%	7.4%
EBITDA Margin	**19.9%**	24.4%	28.1%	17.4%	20.7%	23.1%
Return on Equity	**10.9%**	12.2%	15.3%	0.6%	8.0%	11.8%
Net Debt to Capitalization	**21.4%**	38.4%	35.7%	46.5%	45.6%	48.4%
Number of Employees at Year-end	**3,810**	3,845	3,443	3,002	3,199	3,185
PRODUCTION						
Lumber *(MMfbm)*	**2,012**	1,713	1,638	1,513	1,544	1,562
Linerboard *(Mtonnes)*	**304**	318	331	311	310	330
Kraft Paper *(Mtonnes)*	**102**	111	103	104	102	80
BCTMP *(Mtonnes)*	**361**	363	337	288	300	250
Newsprint *(Mtonnes)*	**120**	123	124	123	125	119
MDF *(3/4" MMsf)*	**250**	240	215	181	161	102
Plywood *(3/8" MMsf)*	**248**	246	37	—	—	—

(1) Prior year figures have been reclassified to conform to current year presentation of discontinued operations.
(2) Prior years restated to reflect accounting changes.

Five-Year Review *– in historical format*

FINANCIAL	**2000**	1999	1998	1997	1996
Earnings *($ millions)*					
Net Sales	**2,309**	2,204	1,863	1,870	1,642
Cost of Product Sold	**1,834**	1,705	1,552	1,481	1,263
Amortization	**137**	125	128	129	114
Selling, General and Administrative	**59**	53	64	78	66
Operating Earnings	**279**	321	119	182	199
Financing Expense	**55**	59	80	68	61
Other	**12**	7	11	(3)	(1)
Income Taxes	**81**	108	22	47	47
Earnings	**131**	147	6	70	92
Earnings	**131**	147	6	70	92
Cash Provided From Operations *($ millions)*	**162**	374	141	233	255
Capital Asset Additions and Acquisitions *($ millions)*	**218**	181	158	156	220
Financial Position *($ millions)*					
Working Capital	**320**	343	325	353	322
Net Capital Assets	**1,563**	1,415	1,371	1,416	1,416
Other Assets & Deferred Charges	**133**	58	102	61	36
Net Assets	**2,016**	1,816	1,798	1,830	1,774
Long-term Debt	**571**	590	718	762	771
Other Liabilities & Future Income Taxes	**318**	200	182	175	163
Shareholders' Equity	**1,127**	1,026	898	893	840
Non-Current Liabilities & Equity	**2,016**	1,816	1,798	1,830	1,774
Ratios					
EBITDA Margin	**18.0%**	20.3%	13.2%	16.6%	19.0%
Number of Employees at Year-end	**8,478**	8,320	7,269	6,511	5,425

Corporate Information

DIRECTORS

Henry H. Ketcham	Chairman of the Board, President and Chief Executive Officer
Clark S. Binkley	Senior Vice-President, Hancock Natural Resource Group Inc.
J. Duncan Gibson	Investor
Janet W. Ketcham	Investor
William P. Ketcham	President, Henry H. Ketcham Lumber Co. Inc.
C. Calvert Knudsen	Retired Chairman and Chief Executive Officer, MacMillan Bloedel Ltd.
Harald H. Ludwig	President, Macluan Capital Corporation
Brian F. MacNeill	Chairman, Petro-Canada Inc.
F. David Radler	President and Chief Operating Officer, Hollinger Inc.

OFFICERS

Henry H. Ketcham	Chairman of the Board, President and Chief Executive Officer
D. Wayne Clogg	Vice-President, Woodlands
William H. LeGrow	Vice-President, Transportation and Energy
Gerald J. Miller	Group Vice-President, Pulp & Paper and Vice-President, Administration
Lon M. Schroeder	Vice-President, Kitimat Operations
Edward R. Seraphim	Vice-President, Pulp & Paper Sales
Martti Solin	Vice-President, Finance and Chief Financial Officer
Zoltan F. Szucs	Vice-President, Panelboards
Ernest M. Thony	Vice-President, Lumber Sales
Gary W. Townsend	Group Vice-President, Lumber Operations
Larry S. Hughes	Secretary

SHAREHOLDER INFORMATION

Annual General Meeting
The Annual General Meeting of the shareholders of the Company will be held in Quesnel, British Columbia, April 23, 2002, at 11.30 am

Auditors
PricewaterhouseCoopers LLP
Vancouver, British Columbia

Legal Counsel
Lang Michener
Vancouver, British Columbia

Transfer Agent
CIBC Mellon Trust Company
Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal and Halifax

Shares Listed
The Toronto Stock Exchange
Symbol: WFT

Number of Common Shares Outstanding
30,360,088 shares, as at December 31, 2001

Investor Contacts
Martti Solin
Vice-President, Finance and Chief Financial Officer

Sam Ketcham
Director of Corporate Planning
Tel: (604) 895-2700
Fax: (604) 681-6061

e-mail: shareholder@westfraser.com

CORPORATE OFFICES

1000–1100 Melville Street
Vancouver, British Columbia
Canada V6E 4A6
Tel: (604) 895-2700
Fax: (604) 681-6061

SALES

Lumber
1250 Brownmiller Road
Quesnel, British Columbia
Canada V2J 6P5
Tel: (250) 992-9254
Fax: (250) 992-3034

P.O. Box 1376
West Monroe, Louisiana
U.S.A. 71294
Tel: (318) 340-6016
Fax: (318) 340-6053

Linerboard and Kraft Paper
1000–1100 Melville Street
Vancouver, British Columbia
Canada V6E 4A6
Tel: (604) 895-2750
Fax: (604) 685-2441

Pulp
1000–1100 Melville Street
Vancouver, British Columbia
Canada V6E 4A6
Tel: (604) 895-2700
Fax: (604) 683-2097

Newsprint
650–375 Water Street
Vancouver, British Columbia
Canada V6B 5C6
Tel: (604) 681-8817
Fax: (604) 681-8861

MDF
140–6325 103 Street
Edmonton, Alberta
Canada T6H 5H6
Tel: (780) 413-8900
Fax: (780) 413-8910

Plywood
140–6325 103 Street
Edmonton, Alberta
Canada T6H 5H6
Tel: (780) 468-3311
Fax: (780) 778-7070

OPERATIONS

Lumber
1250 Brownmiller Road
Quesnel, British Columbia
Canada V2J 6P5
Tel: (250) 992-9244
Fax: (250) 992-9233

West Fraser (South), Inc.
P.O. Box 1376
West Monroe, Louisiana
U.S.A. 71294
Tel: (318) 340-6000
Fax: (318) 340-6030

Ranger Board
P.O. Box 1079
Whitecourt, Alberta
Canada T7S 1P9
Tel: (780) 648-6333
Fax: (780) 648-6397

WestPine MDF
300 Carradice Road
Quesnel, British Columbia
Canada V2J 6A1
Tel: (250) 991-7100
Fax: (250) 991-7115

Alberta Plywood
140–6325 103 Street
Edmonton, Alberta
Canada T6H 5H6
Tel: (780) 468-3311
Fax: (780) 462-9863

Eurocan Pulp & Paper
P.O. Box 1400, Eurocan Way
Kitimat, British Columbia
Canada V8C 2H1
Tel: (250) 632-6111
Fax: (250) 639-3486

Quesnel River Pulp Company
1000 Finning Road
Quesnel, British Columbia
Canada V2J 5C3
Tel: (250) 992-8919
Fax: (250) 992-2612

Slave Lake Pulp
P.O. Box 1790
Slave Lake, Alberta
Canada T0G 2A0
Tel: (780) 849-7777
Fax: (780) 849-7725

Alberta Newsprint Company
Postal Bag 9000
Whitecourt, Alberta
Canada T7S 1P9
Tel: (780) 778-7000
Fax: (780) 778-7070

Glossary

AAC means allowable annual cut, being the volume of timber that may be harvested annually from a specific timber tenure

BCTMP means bleached chemi-thermo-mechanical pulp

BURNER means a wood waste incinerator

DIMENSION LUMBER means standard commodity lumber ranging from 1 x 3's to 2 x 12's, in varying lengths

ENVIRONMENTAL AUDIT means a systematic examination of an industrial operation used to measure compliance with regulations, policy and good industrial practice

FMA means a forest management agreement granted by the Alberta government entitling the holder to establish, grow and harvest timber on specified lands

FOREST MANAGEMENT UNIT means an area of forest land designated by the Minister of Environmental Protection of Alberta as a management unit

M^3 means a solid cubic metre, a unit of measure for timber, equal to approximately 35 cubic feet

MDF means medium density fibreboard, a composite wood product made from wood residue

MFBM means one thousand board feet (equivalent to one thousand square feet of lumber, one inch thick), and MMfbm means one million board feet

MSF is a unit of measure equal to one thousand square feet, and MMsf means one million square feet, on a 3/4 inch basis for MDF and on a 3/8 inch basis for plywood

NBSK means Northern Bleached Softwood Kraft pulp

SPF means spruce/pine/balsam fir species of trees

SUSTAINED YIELD means the yield that a forest can produce in perpetuity at a given intensity of management without impairment of the land's productivity, with the intent that there will be a balance between timber growth and harvesting on a sustainable basis

TFL means a tree farm license granted by the Ministry of Forests of British Columbia to a licencee who undertakes to manage an area of timberland to yield an annual harvest on a sustained yield basis

TIMBER SUPPLY AREA means an area of forest land designated by the Ministry of Forests of British Columbia and allocated an AAC from which non-area-based timber tenures are granted

TONNE is a unit of weight in the metric system equal to 1,000 kilograms or approximately 2,204 pounds

West Fraser Timber Co. Ltd.
1000–1100 Melville Street
Vancouver, British Columbia
Canada V6E 4A6
Tel: (604) 895-2700 Fax: (604) 681-6061
www.westfraser.com